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# **2010/2011 ANNUAL REPORT**

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**King Sabata Dalindyebo  
Local Municipality**

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**January 2012**

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## GLOSSARY OF TERMS

### Glossary of Terms

AG	Auditor General
CFO	Chief Financial Officer
DBSA	Development Bank of South Africa
DLGT&A	Department of Local Government and Traditional Affairs
DOHS	Department of Human Settlements
DWAF	Department of Water Affairs and Forestry
GAMAP	Generally Accepted Municipal Accounting Practise
GDP	Gross Domestic Product
GRAP	Generally Recognised Accounting Practice
IDP	Integrated Development Plan
KPA	Key Performance Area
KPI	Key Performance Indicator
KSD	King Sabata Dalindyebo Municipality
LED	Local Economic Development

MFMA	Municipal Finance Management Act
MoU	Memorandum of Understanding
MPRA	Municipal Property Rates Act
MTREF	Medium Term Revenue and Expenditure Framework
PGDP	Provincial Growth and Development Plan
SALGA	South African Local Government Association
SDBIP	Service Delivery Budget Implementation Plan

## CHAPTER 1: INTRODUCTION AND OVERVIEW

## MAYOR'S FOREWORD

It gives me great pleasure to present the Annual Report for 2010/2011 Financial year. We are so grateful to be part of the national development agenda through our Master Plan that has brought support from the National and Provincial Government in improving infrastructure backlog in KSD Municipality.

This Annual Report reflects on King Sabata Dalindyebo Municipality performance or achievements and areas that require improvement.

Recently we have been advised that our vision 2030 (Master Plan) was rated number four in the world as one of the best development plans in the world. It shows integrity and maturity towards sustainable development. However, it means that we need to keep up the standard because the world is looking at us and it is expected that we have to always give the feedback through the website.

We have made significant improvements in service delivery during the financial year 2010/2011. We have taken an opportunity of being supported through Presidential Intervention to maximise our efforts in implementing our key service delivery priorities that are in the IDP.

Significant progress has been made by SANRAL towards the completion of a new bridge on the N2 over the Mthatha River as part of the Master Plan. Road surfacing and rehabilitation is in progress in Mthatha CBD, N2 towards Qunu, Coffee Bay Route and Mqanduli. Ageing electrical infrastructure is being attended to with the support of the Department of Mineral and Energy.

The housing development initiative that will benefit new, low and medium income homeowners is in the initial stages and we have managed to improve health services through upgrading of Ngangelizwe Health Centre. Environmental Projects have benefited all wards through EPWP cleaning and Greening Projects that have created job opportunities for the youth.

The issue of land claim has an impact on development and there is a significant shortage of suitable land for the establishment of a new solid waste site and a new cemetery. The Auditor General Final Report has highlighted areas that require urgent attention and great improvement. Asset Management, Information Technology and Communication and Supply Chain Management require urgent attention as outlined by AG. An action plan to address matters raised by AG has been developed.

I would like to thank my fellow Councillors, management and staff and the community of KSD Municipality for their support in improving service delivery.



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**CLLR: NONKOLISO NGQONGWA**  
**EXECUTIVE MAYOR**



## STATEMENT BY THE MUNICIPAL MANAGER

Our Municipality's drive to improve service delivery continued at full pace during and up to the end of the 2010/2011 financial year, in spite of municipal elections taking place during the last quarter. By the end of the financial year, with the new Council installed, the King Sabata Dalindyebo Municipality was justifiably pleased with its many achievements.

It is difficult to emphasise one facet of service delivery over another, but road maintenance and upgrading was a perennial priority and the completion by SANRAL of the upgrade of Madeira Road and Nelson Mandela Drive in the central business district, and the N2 from the Shell Ultra City to Viedgesville, has alleviated traffic congestion. The sidewalks in the central business district were rehabilitated and the sidewalks on the outskirts of Mthatha are also currently under construction and near completion.

Significant progress has been made by SANRAL towards the completion of a new bridge on the N2 over the Mthatha River as part of the Master Plan. The frequent electricity outages that previously plagued the city and put off investment have been brought under control. Ageing electrical infrastructure, which is a legacy from the past and the result of rapid urbanization, has hamstrung development in Mthatha and is in the process of being upgraded.

The continued electrification of the Mthatha urban area remained a priority and a contractor was appointed to start work on the infrastructure necessary for the electrification of 1082 households in Zimbane and Ilitha in the new financial year. Several substations in the rural areas are under construction to facilitate electricity supply by Eskom to households who have never previously had access to electricity.

Phase 1 of the Coffee Water Supply Scheme Bay was completed. When completed in approximately two years' time, the project will supply water to villages in the vicinity of Mqanduli villages and Coffee Bay.

The contractor appointed to assist the Municipality with revenue collection from residential debtors has made a moderate impact on the debt municipal debt. A contractor was also appointed as the Implementing Agent for a Breaking New Ground (BNG) project, a housing development initiative that will benefit new, low and medium income homeowners. Funding was received for the Informal Settlement Upgrade programme for a planning and infrastructure upgrade in under-resourced neighbourhoods such as Mandela Park, Joe Slovo, Chris Hani, Polar Park and Ngangelizwe.

Our Municipality is sensitive to the needs of the underprivileged and people in need and the completion of the Ngangelizwe Clinic was yet another milestone reached in our mission to ensure access to primary health care. The economic livelihood of the residents of the Municipality is always at the forefront of planning efforts and the upgrading of a Transido Economic Park is an example of our efforts to secure the livelihoods of our residents.

Traffic safety was recognized as a priority and twenty-two of the busiest intersections in Mthatha were identified for a traffic light upgrade project that was completed and the results are encouraging.

The shortage of suitable land for the establishment of a new solid waste site and a new cemetery, combined with a land claim over much of Mthatha by various communities, has been a challenge that has tested the Municipality. The Solid Waste Site in Mqanduli was, however, completed and is currently in use.

Development in our municipal area was, in general, guided by the Master Plan and driven by the Presidential Intervention Programme which was ongoing and involved every level and department within the Municipality. The management structures of the Presidential Intervention were established and, in May 2011, the Programme was refocused with the establishment of a Presidential Intervention Inter-Ministerial Committee, chaired by the Minister in the Presidency.

## EXECUTIVE SUMMARY

The highlight of the 2010/2011 financial year was most certainly the municipal elections which were held on 18 May 2011. Following the elections, the following office bearers were appointed:

CLLR. N. Ngqongwa    Executive Mayor

CLLR. F. Dondashe    Speaker

The following office bearers served for the period 01 July 2010 to 18 May 2011:

CLLR. S. Mlamli        Executive Mayor

CLLR. F. Dondashe    Speaker

Another highlight was the adoption of the Socio Economic development Strategy as part of the Council's Masterplan. The Masterplan provides:

1. Common agreement on the future of the town
2. A guide for decision making
3. A clear statement of priorities
4. Guidance to project planning, integration and implementation
5. The building of the basis for accountability to deliver on projects that will change the development path of Mthatha to a more sustainable future.

The KSD PRESIDENTIAL INTERVENTION (KSD PI) serves as an intergovernmental forum for the municipality. During the year under review the following projects were completed:

1. (SANRAL) - Mthatha Shell Ultra City to Mthatha River – R64 Million
2. (RBIG) – Development of the new Coffee Bay regional water supply scheme – R53.75 Million
3. Refurbishment of the waste water treatment works – Phase 1A – R30.3 Million

With regard to the provision of housing, 100% of the municipality's budget of R551 000 was spent on the erection of 150 houses.

6 028 Indigent households received 50kwh free electricity each at a value of R35.91 per household per month. 5 685 Indigent households each received 20 litres free paraffin at a cost of R10.75 per household per month

The staff vacancy rate for the financial year amounted to between 31% and 67% over the different departments. Four Director's position's – Infrastructure, Corporate Services, Chief Financial Officer and Human Settlements - were vacant.

The Municipal Manager and all Section 57 Managers had completed employment contracts but none of the Section 57 Managers completed performance agreements.

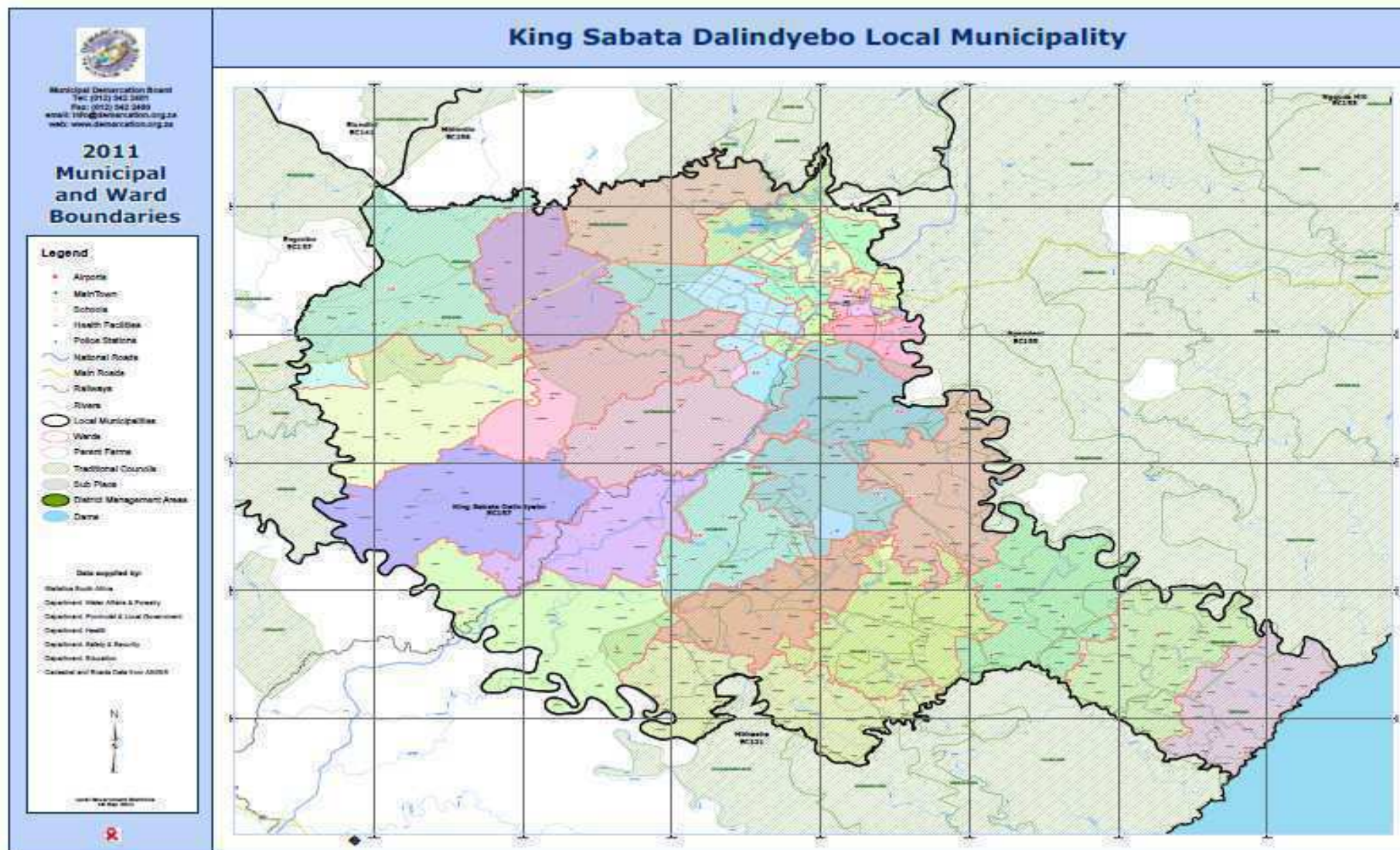
The levels of education of the 1 125 staff members were as follows:

1. Staff members without grade 12 – 485
2. Staff members with a senior certificate only – 473
3. Staff members with tertiary/accredited professional training – 167

Total debtors increased by 26% to R248.t Million as at 30 June 2011

The municipality had an operating surplus of R33.9 Mill ion compared to a surplus of R118.6 Million in the financial year ending 30 June 2010

## OVERVIEW OF THE KING SABATA DALINDYEBO MUNICIPALITY





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## VISION

A prosperous, sustainable and people centred municipality

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## MISSION

To provide sustainable livelihoods and balanced development through quality service delivery and viable economic development strategy in a manner that promotes meaningful public participation and sound governance

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## DEMOGRAPHIC INFORMATION<sup>1</sup>

The total population of the King Sabata Dalindyebo Municipality is 415 2341, comprising of 55% females and 45% males. Of them 410 889 are indigenous Africans, 556 Indians, 2 318 coloureds and 1 471 Whites. The municipal area covers 3019 km<sup>2</sup> with 32 wards. The main urban centres of the municipality are, Mthatha and Mqanduli. It comprises of 105 000 households with an average of 4 to 7 people per household.

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<sup>1</sup> Information obtained from Statistics South Africa – Community Survey 2007

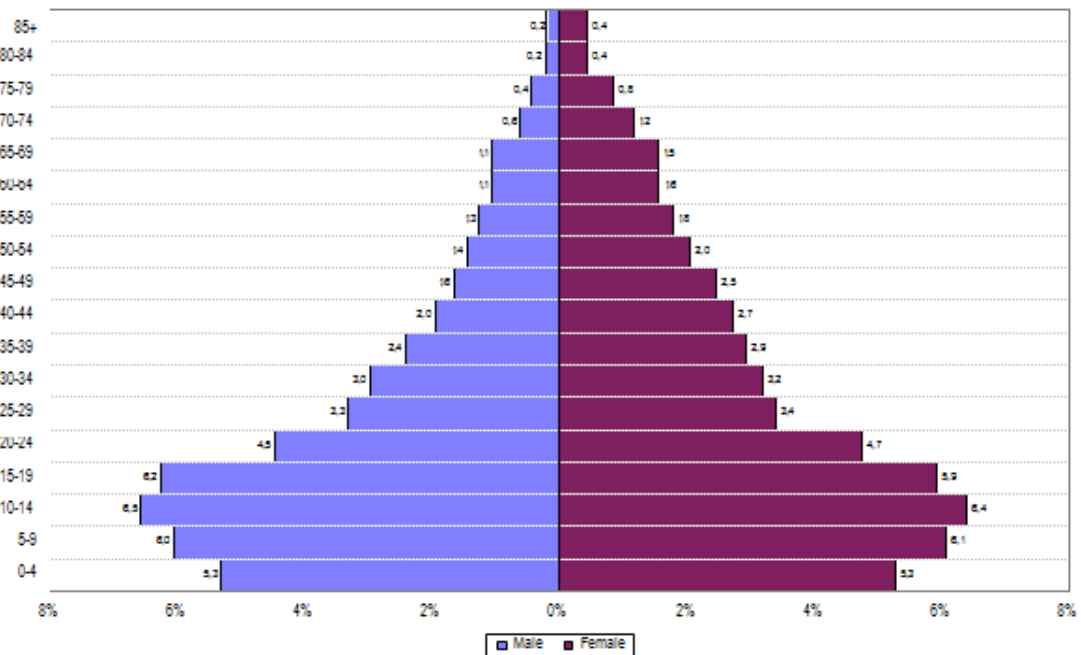


## Number of people in each local municipality in O.R Tambo District

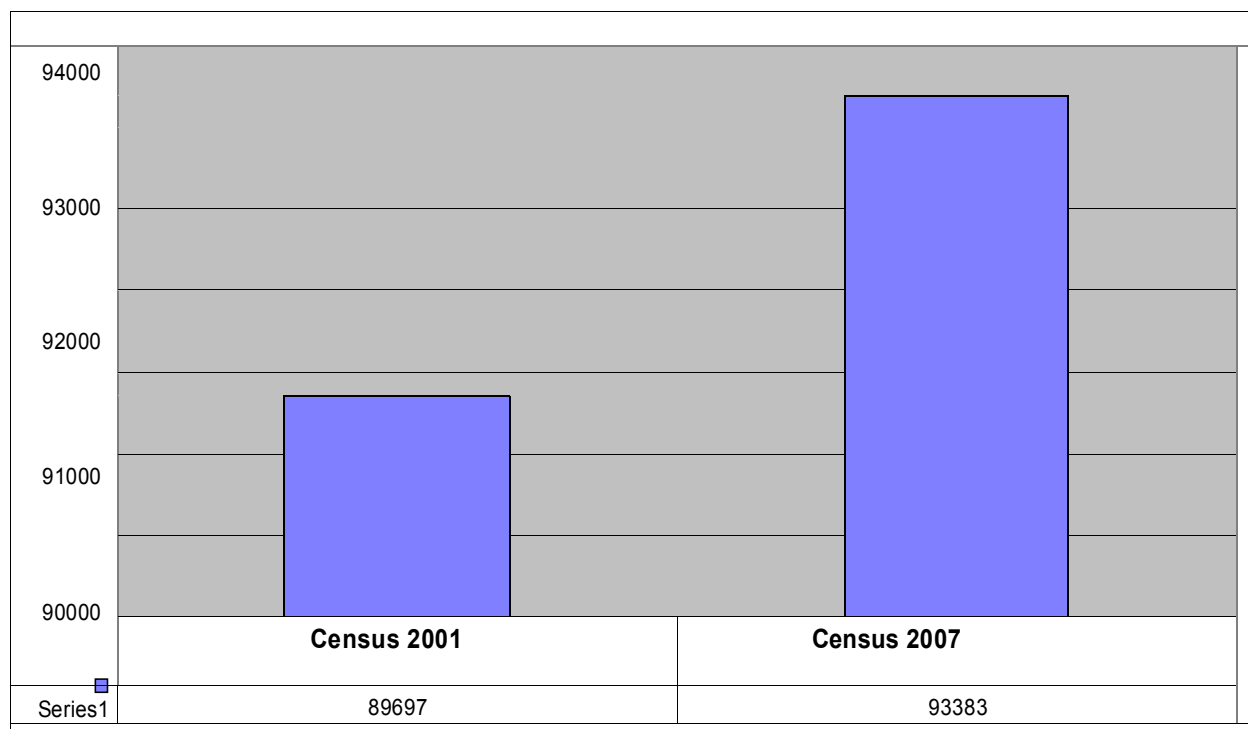
### Municipality

Municipalities	Census 2001		Census 2007	
	Number	%	Number	%
Mbizana	245 730	14.6	279 739	15.0
Ntabankulu	145 799	8.6	149 358	8.0
Port St Johns	146 967	8.7	165 084	8.8
Nyandeni	274 416	16.3	314 273	16.8
Mhlontlo	202 851	12.0	237 138	12.7
Ingquza Hill	254 480	15.1	279 795	15.0
<b>KSD</b>	<b>416 348</b>	<b>24.7</b>	<b>444 830</b>	<b>23.8</b>
<b>Total</b>	<b>1 686 591</b>	<b>100</b>	<b>1 870 217</b>	<b>100.0</b>

## Eastern Cape, Percentage distribution of population by five year- age group, and sex



## Total number of Households - KSD Municipality



## SOCIO-ECONOMIC INFORMATION<sup>2</sup>

### Percentage distribution of households by number of household members

Census 2001						Census 2007					
1	2	3	4	5+	Total	1	2	3	4	05+	Total
18,9	12,0	12,0	12,2	44,9	100,0	15,7	11,6	13,5	14,0	45,2	100,0

<sup>2</sup> Information obtained from Statistics South Africa – Community Survey 2007

### Percentage of households living in formal and informal dwellings

Formal		Informal	
Census 2001	Census 2007	Census 2001	Census 2007
46,2	43,6	4,5	3,2

### Percentage distribution of households by tenure status

Census 2001					Census 2007					
Owned and fully paid off	Owned but not yet paid off	Rented	Occupied rent-free	Total	Owned and fully paid off	Owned but not yet paid off	Rented	Occupied rent-free	Other	Total
57,7	6,9	16,1	19,3	100,0	70,1	5,5	13,9	9,1	1,4	100,0

### Percentage of households using electricity for lighting, cooking and heating

Lighting		Cooking		Heating	
Census 2001	Census 2007	Census 2001	Census 2007	Census 2001	Census 2007
41,7	70,1	20,2	38,7	13,6	13,9

### Percentage of households that have access to piped water

Census 2001					Census 2007			
Piped water on community stand: distance greater than 200m from dwelling	Piped water on community stand: distance less than 200m from dwelling	Piped water inside yard	Piped water inside dwelling	Total	Piped water inside dwelling	Piped water inside yard	Piped water from access point outside yard	Total
12,6	6,1	14,6	9,3	42,6	16,0	15,0	21,0	69,2

### Percentage of households that use a pit latrine or bucket toilet or have no toilet facilities

% households using pit latrine		% households using a bucket toilet		% households with no toilet	
Census 2001	Census 2007	Census 2001	Census 2007	Census 2001	Census 2007
29,2	33,9	1,6	0,2	44,5	30,0

### Percentage of households where refuse is removed by local authority/private company and where there is no refuse removal

Removed by local authority/private company		% households with no refuse removal	
Census 2001	Census 2007	Census 2001	Census 2007
24,0	25,8	25,8	18,7

### Percentage of households that have a cell phone

2001		2007		2001	2007
No. of households with a cellphone	Total no. of households	No. of households with a cellphone	Total no. of households	% of households with a cellphone	
23 451	89 697	63 769	93 383	26,1	68,3

### Percentage of households that have a radio

2001		2007		2001	2007
No. of households with a radio	Total no. of households	No. of households with a radio	Total no. of households	% households with a radio	
51 283	89 697	58 140	93 383	57,2	62,3

### Percentage of households that have a computer

2001		2007		2001	2007
No. of households with a computer	Total no. of households	No. of households with a computer	Total no. of households	% of households with a computer	
1 648	89 697	3 755	93 383	1,8	4,0

### Percentage of households that have access to Internet facilities

2007		
No. of households that have access to Internet	Total no. of households	% of households that have access to Internet
1 977	93 383	2,1

### Percentage of households that have a refrigerator

2001		2007		2001	2007
No. of households with a refrigerator	Total no. of households	No. of households with a refrigerator	Total no. of households	% of households with a refrigerator	
19 920	89 697	34 620	93 383	22,2	37,0

### Percentage of households that have a television set

2001		2007		2001	2007
No. of households with a television	Total no. of households	No. of households with a television	Total no. of households	% of households with a television	
26 147	89 697	44 104	93 383	29,2	47,2

### Percentage of households that have a landline telephone

2001		2007		2001	2007
No. of households with a landline telephone	Total no. of households	No. of households with a landline telephone	Total no. of households	% of households with a landline telephone	
5 655	89 697	3 570	93 383	6,3	3,8

## THE MASTER PLAN

The community of King Sabata Dalindyebo has ideas about how their municipality should look like in the next five (5) to twenty (20) years. This picture which is depicted in their minds or dreams of their ideal municipality is known as a vision as contained in the Master Plan.

This would be followed by creating of plan/s which are aligned to the community's vision and further approving and monitoring a Council budget, for operations as well as projects, which provides funds to implement the strategies that are derived from the vision as one of Council's greatest responsibilities to turn the Municipality around for better service delivery and development.

The Council must develop policies which will give direction and the Executive formulate strategies that are translated into action plans (Service Delivery Budget and Implementation Plans) that describe how Council is going to achieve its vision.

When Councillors make policy, they set the broad framework within which the councillors and the administration will take decisions and act. Without funds to implement policies, the council will not be able to take action or serve communities well. Then the vision of KSD Municipality which is “a prosperous, sustainable and people centred municipality” will then only be an unfeasible dream.

In order to achieve the above-stated vision over this five (5) year period, the King Sabata Dalindyebo Municipality should make tough budgeting choices and decisions and priorities on spending and focus its spending based on the IDP and Master Plan.

KSD Municipality formulated an integrated development plan which is used by the Municipality as its five (5) year strategic tool to map its development path in addressing the needs of the community within the municipal area and thus achieves the ideal of a better life for all as required by law.

A critical factor, which is having a negative impact and needing urgent intervention for developmental opportunities or initiatives and the economy of King Sabata Dalindyebo Municipality, is the plight of:

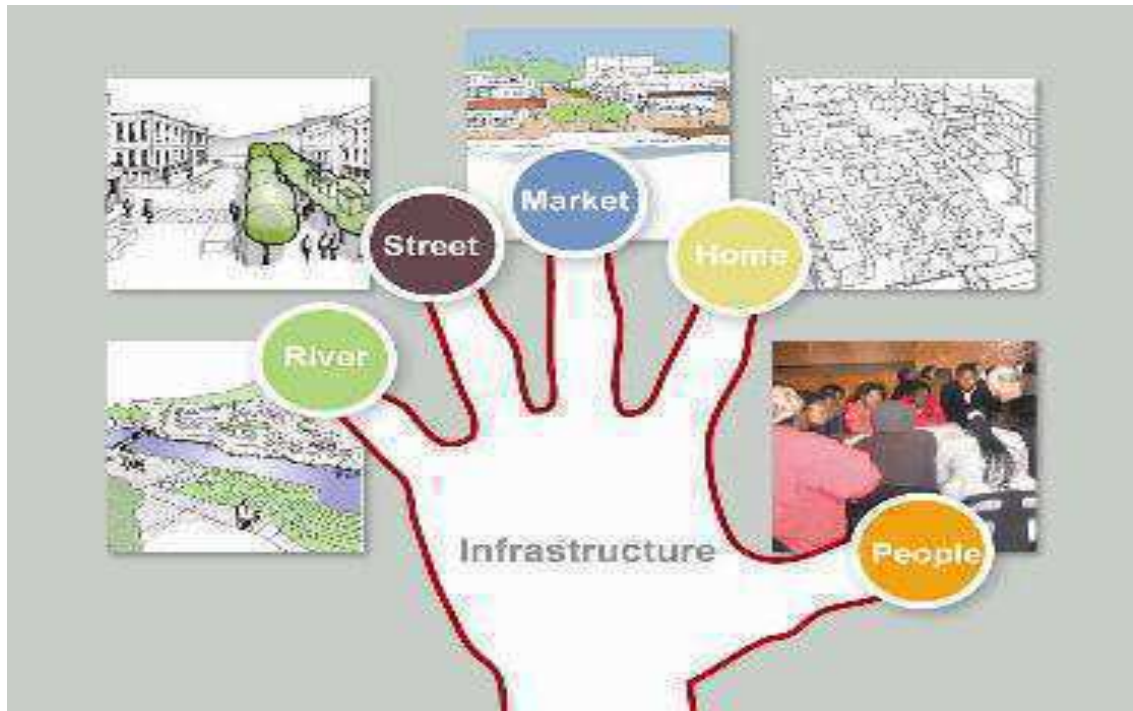
a) Deteriorating infrastructure indicated by-

- Collapsing road infrastructure
  - The many pot-holes and patches in town on asphalt roads and on dirt roads corrugations that slow down speeds.
- Electricity problems
  - Power outages in the suburbs longer than a day
  - Unreliable traffic lights on the main intersections
  - Street lights that were not all in working condition

- Sewerage spills and unreliable water supply
  - Constant sewage spills into the river system
  - Sewage blockages in the main pipes , overflows into streets
  - Special water tanks in townships and informal settlements
  - Water shortages due to faulty mains
  - Water spills due to old burst pipes
- b) Challenges in Financial viability
- c) Challenges in Human resource development and Ethical Values
  - Filling of vacancies
  - Succession planning - automatic replacement of persons leaving , etc.
- d) Challenges in Polluted conditions in town
  - Waste removal processes
  - Uncontrolled littering
  - Not meeting all the funding requirements to fill all posts
  - Not meeting the funding requirements criteria to maintain the infrastructure:
    - Roads - rural and urban,
    - Stormwater - drainage and pipes
    - Electricity - substations, high and medium voltage overhead and cable routes, mini-subs, transformers etc.
    - Waste - removal and site management
- e) Challenges in Economic Development and Poverty
- f) Challenges of HIV/AIDS
- g) Challenges of Crime

However, in attempting to overcome the above problem factors facing the Municipality, KSD Municipality developed a **Master Implementation Plan**. This 20-year Plan has been crafted around the theme of sustainability and integration and was then presented around the “5 systems of Sustainability” of River, Street, Market, Home and People reflected through the symbol of a hand and the palm representing the infrastructure binding the systems.





This 20 year plan aims to address the following key specific focus areas on a five year period underpinning the river, street, and home and market system.

- Spatial Development Framework
- Economic Development
- Service Delivery /Infrastructural development
- Institutional Development & Transformation
- Financial Viability
- Good Governance & Public Participation

Having identified the above focus areas in the IDP, departments prepared a set of objectives and strategies to achieve the long-term vision identified in the Master Plan.

Flowing from the Master Plan, a Socio Economic Development Strategy was formulated during July 2010. This plan is attached to this report as **ANNEXURE A - SOCIO ECONOMIC DEVELOPMENT STRATEGY**

## CHAPTER 2: GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

## COUNCILLORS - 1 JULY 2010 – 18 MAY 2011

NAME	WARD NO / PR
CLLR. S. MLAMLI	EXECUTIVE MAYOR
CLLR. F. DONDASHE	MADAM SPEAKER
CLLR. M. MAYEKISO	CHIEF WHIP ANC
CLLR. J.P. GWADISO	CHIEF WHIP PAC
CLLR. N.R. GCINGCA	1
CLLR. E. SANGOVANA	2
CLLR. S.NYENGANE	3
CLLR. N SOBAHLE	4
CLLR. L Madyibi	5
CLLR. K.N. KWETANA	6
CLLR. F.R.S. NGCOBO	7
CLLR. MPEKULA	8
CLLR. M.S. MLANDU	9
CLLR. N.F. SOLDATI	10
CLLR. M.B. GQITIYEZA	11
CLLR.Z.M.GUSANA	12
CLLR. S.S. NJEMLA	14
CLLR. P. MANGESI	15
CLLR. M. MGABAYENA	16
CLLR. M. MTIRARA	17
CLLR. G.N.NDILA	18
CLLR. H. BUNGQU	19
CLLR S.S DAWUWA	20
CLLR. M. MAVUKWANA	21
CLLR. Z.A. SIZIBA	22
CLLR. W.N. MVUNGE	23
CLLR. V. VAYEKE	24
CLLR. G.M. MKUPA	25
CLLR C.V. MOMOZA	26
CLLR. D.B. GWAZELA	27

NAME	WARD NO / PR
CLLR. S.N. NJEMLA	28
CLLR. G.N. MADFUBEDUBE	30
CLLR. M. MKHOTHELI	31
CLR N Madyibi	32
CLLR P.N. MANTANGA	PR
CLLR. B. NDLOBONGELA	PR
CLLR. L.M. TSHOTA	PR
CLLR. N.F. MZIMANE	PR
CLLR. A.N. LUMKWANA	PR
CLLR B.T. MASHIYI	PR
CLLR. N. MDA	PR
CLLR. P.N. LIWANI	PR
CLLR.N. MTWA	PR
CLLR.N. NGQONDWA	PR
CLLR. N. NDLELA	PR
CLLR. L.N. NTLONZE	PR
CLLR. H.M. NTSJOBANE	PR
CLLR. B. PIERCE	PR
CLLR. K.W. TSIPA	PR
CLLR. M. MBUTYE	PR
CLLR. BODLANI	PR
CLLR. NGQELE	PR
CLLR. O. HOLOMISA	PR
CLLR. K. MDIKANE	PR
CLLR. N.O. GODOLOLO	PR
CLLR. MBUTHUMA	PR
CLLR. M. MAPELANA	PR
CLLR. V. DANGALA	PR
CLLR. Z.N. MNCUNZA	PR
CLLR. M. STOYILE	PR
CLLR NKOSIYANE	PR

## COUNCILLORS – 19 MAY 2011 - 30 JUNE 2011

NAME	WARD NO / PR
CLLR. N. NGQONGWA	EXECUTIVE MAYOR
CLLR. F. DONDASHE	SPEAKER
CLLR. D. .M ZOZO	CHIEF WHIP
CLLR. G.N. JIJANA	1
CLLR. N.A. NDLELA	3
CLLR. N. XHOBANI	4
CLLR. G.N. NELANI	5
CLLR. K. KWETANA	6
CLLR. E. MAPEKULA	8
CLLR. N.M LUQHIDE	9
CLLR. S. BHUDU	10
CLLR. M. MENZELWA	11
CLLR. B. MOMOZA	12
CLLR. V.N. ROJI	13
CLLR. T. NOMVETE	14
CLLR. M. NGABAYENA	15
CLLR. Z.M GUSANA	16
CLLR. M.H. MTIRARA	17
CLLR. M. JAFTA	18
CLLR. B. MAZINI	19
CLLR. O.V. GWADISO	20
CLLR. M. MAVUKWANA	21
CLLR. H.N. MAROLOMA	22
CLLR. X. T MATITI	23
CLLR. J. MSAKENI	24
CLLR. E.M FILEYO	25
CLLR. N. MPEMNYAMA	26
CLLR. M. NYOKA	27
CLLR. T. NQADOLO	28
CLLR. F.M MTWA	29
CLLR. S.S NJEMLA	30
CLLR. M.A ZIMELA	31
CLLR. M.T. MTIRARA	32
CLLR. L.L. MKONTO	33
CLLR. M.I XENTSA	34

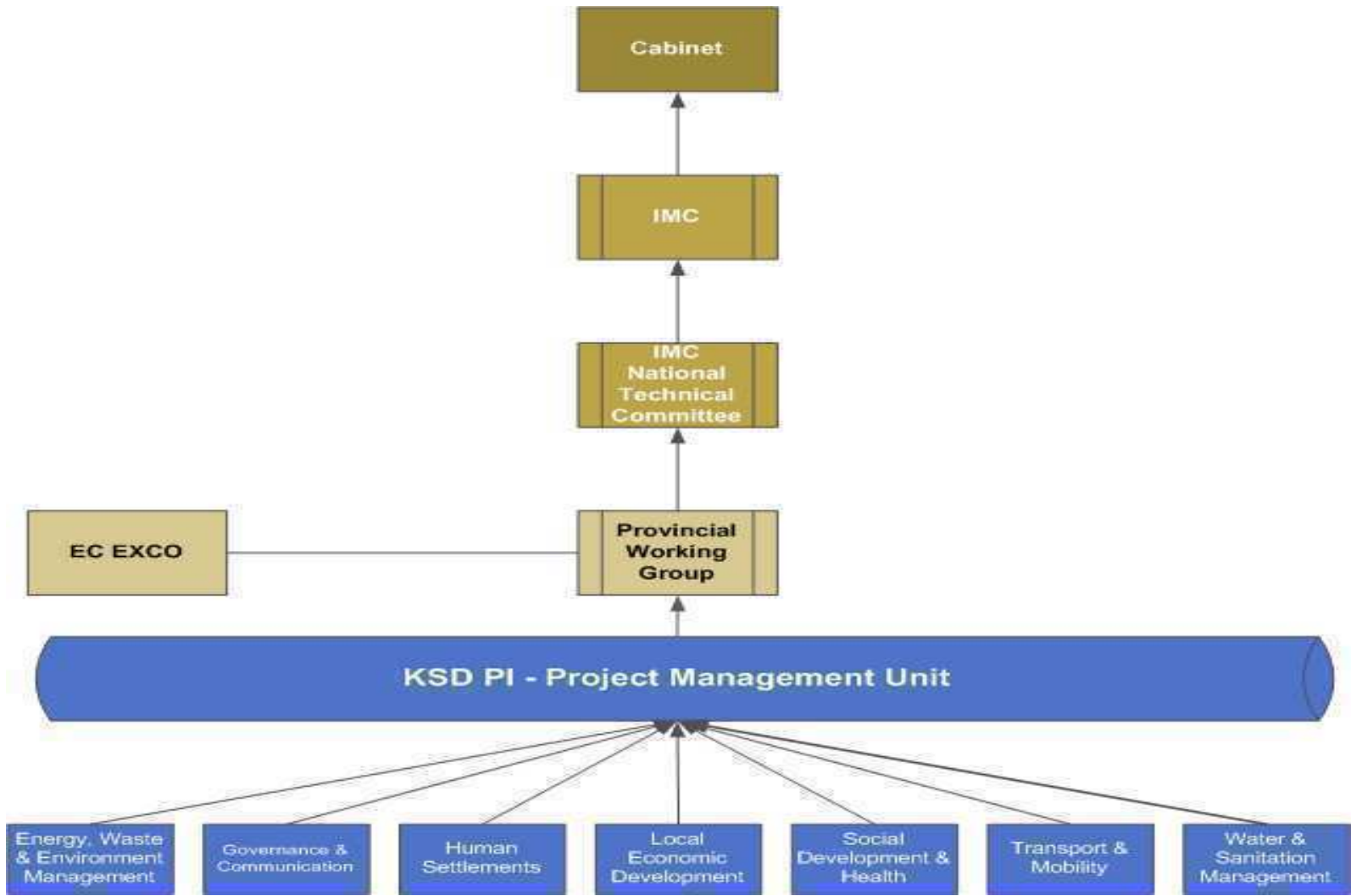
NAME	WARD NO / PR
CLLR. N.S. KWAZA	35
CLLR. S. MLAMLI	PR
CLLR. N. SIKONKOTELA	PR
CLLR. S. PETERS	PR
CLLR. Z.V. MAQABUKA	PR
CLLR. Z. MAGAZI	PR
CLLR. P.P NONTSHIZA	PR
CLLR. B.D. BARA	PR
CLLR. R. KNOCK	PR
CLLR. J. DLAMINI	PR
CLLR. M. PLAM	PR
CLLR. W.V. SANDA	PR
CLLR. S. QINA	PR
CLLR. N.F MZIMANE	PR
CLLR. L. M LUWACA	PR
CLLR. V. DANGALA	PR
CLLR. B. NDLOBONGELA	PR
CLLR. M. GOGO	PR
CLLR. N. MTWA	PR
CLLR. K.W TSIPA	PR
CLLR. Z.N MNCUNZA	PR
CLLR. N. QWASE	PR
CLLR. L.N TSHISEKA	PR
CLLR. P.N PALI	PR
CLLR. M. BUNZANA	PR
CLLR. Z.A LUYENGE	PR
CLLR. L. NDUKU	PR
CLLR. L. MADYIBI	PR
CLLR. M. MTIRARA	PR
CLLR. K. MDIKANE	PR
CLLR. S. MLANDU	PR
CLLR. N. GCINGCA	PR
CLLR. S. NGCOBO	PR
CLLR. .L. NTLONZE	PR
CLLR. N. NYANGANI	PR

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## INTERGOVERNMENTAL RELATIONS

The KSD municipality does not have an approved governance and intergovernmental strategy. A draft strategy will be presented to the Council during the 2011/2012 financial year for consideration and adoption.

Intergovernmental Relations in 2010/2011 got a great boost as focus was given by various Provincial & National Department partaking in the KSD Presidential Intervention Programme. However these were focussed on the projects involved. The diagram on the following page shows the extent of these relations.



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## INTERNAL AUDIT

The internal audit unit in fusion with internal audit co-source function (PWC) evaluated the municipalities' risk management, internal control and corporate governance processes to ensure that they are adequate and are functioning correctly.

Internal audit focus areas were as follows:

- Preparation of the annual internal audit plan for the year ended 30 June 2011;
- Preparation of the three year rolling (strategic) plan;
- Human Resources – Leave Administration;
- Review of Institutional PMS quarterly reporting (1<sup>st</sup>, 2<sup>nd</sup> quarters);
- Follow Up Review (External Audit reports of 2009/10);
- Risk Management;
- Ad hoc Assignments – Council overpayment, SCM review and S57, GM salary review.

The reports were sent to relevant heads of departments and to the Accounting Officers attention.

The internal audit function played a key role in the audit committee development as the unit wrote up internal audit agreements for the audit committee members in consultation with corporate services unit.



## WARD COMMITTEES

Ward committees operated in the municipality. The committees met on a quarterly basis under the office of the Speaker.

## PERFORMANCE MANAGEMENT

Policy and framework	Performance Management Committee	Performance management system		Annual Performance Report			
		S57 appointees	All staff	Performance	Comparisons	Service delivery priorities	Performance targets
Institutional policy and framework only	No	No	No	Yes	Yes	Yes	Yes

See **CHAPTER 9 – MONITORING AND EVALUATION** for the 2010/2011 performance management report



## CHAPTER 3: DEVELOPMENT PLANNING

## The integrated development planning process followed and highlights of the IDP

IDP approved by Council and implemented?	Is the approved IDP seen as the single, inclusive and strategic plan for the municipality?	Was the IDP prepared within set timeframes?	Does the IDP include all core Components (MSA)?	Were community needs prioritised at ward level?	Was the SDF approved (date) prior to IDP Approval by Council?	Were sectoral plans prepared and included in the IDP (Names / #)?
Yes	Inclusive of all strategic & other plans	Yes, though amended after the local municipal elections	Yes	Yes	Based on SDF of 2008 and masterplan of 2009	Yes, Some plans are still in draft phase

The MSA requires that municipalities draw up an IDP Review Process Plan, which details the institutional arrangements, work plan, and public participation. On August 31<sup>st</sup>, 2010 the KSD IDP Review Process Plan was approved by the Executive Committee and later adopted by Council comprising the Activity Plan (See Table – IDP Activity Plan) and Institutional Arrangements.

The IDP review process has involved a number of iterative consultative sessions, which have enabled the municipality to formulate a perspective of the existing situation, identify priority issues, select and prioritise projects and finalise its annual budget. The review process also involved the updating of the municipal state of development as well as the review of its long-term goals, the vision, and objectives.

## IDP Activity Plan

Activity	Dates set as per MFMA Calendar	Proposed actual dates (Timeframe)	Responsibility
Tables in Council the schedule (Process Plan) and periods for the preparation and approval of the IDP Review and Budget Formulation as well as related policies.	31 August 2010	31 August 2010	CFO & IDP
Constitutes appropriate committees and consultation forums ( <b>Budget Committee, IDP and Budget Steering Committee, IDP and Programme Task Teams etc</b> ) and plan programme of internal & public meetings, to update community needs analysis and obtain feedback on past year's performance	31 August 2010	31 August 2010	IDP CO -ORDINATOR
Advertise budget and IDP time schedule in terms of budget consultation policy	31 August 2010	31 August 2010	IDP CO-ORDINATOR & COMMUNICATIONS DIVISION
Commence process of reviewing the state of the development within the municipality, organisational performance and service delivery audit.		30 September 2010	MUNICIPAL MANAGER
Commence preparation of departmental operational plans and service delivery & budget and budget implementation plan aligned to strategic priorities in IDP & inputs from other stakeholders including government and bulk service providers.	01 October 2010	01 October 2010	MUNICIPAL MANAGER
Capacity building for Ward Based Planning (engagement of Ward Based Field Workers on community profiling exercise)		September – 31 October 2010	DIRECTOR: PSED & IDP CO-ORDINATOR

Activity	Dates set as per MFMA Calendar	Proposed actual dates (Timeframe)	Responsibility
Convene IDP Representative Forum meeting for alignment (all Organs of State)		8 December 2010	EXECUTIVE MAYOR
Convene IDP Alignment Workshop to facilitate alignment of community needs & priorities with the strategic plans & departmental sector plans & budget.  Council considers tariff (rates and service charges) policies for the next financial year. <b>(MSA s74, 75).</b>  Mayor tables MFMA s72 report to justify necessity for municipal adjustments budget, resolutions, plans, and proposed revisions to the IDP. Council considers approval and adoption of adjustments budget and reviewed SDBIP's.		28 January 2011	MUNICIPAL MANAGER & EXECUTIVE MAYOR
Conclude initial consultation and review, establish direction and policy, confirm priorities, identify other financial and non-financial budget parameters including government allocations to determine revenue envelope, and financial outlook to identify need to review fiscal strategies. Council budget committees consider initial budget drafts	30 September 2010	25 February 2011	IDP STEERING COMMITTEE
Finalise first draft of departmental operational plans and service delivery and budget implementation for review for review against strategic priorities	01 December 2010	28 February 2011	IDP STEERING COMMITTEE

Activity	Dates set as per MFMA Calendar	Proposed actual dates (Timeframe)	Responsibility
Submit Budget & IDP & all supporting documentation to Council for tabling	31 March 2011	31 March 2011	CFO & IDP
Conclude process of consultation on tabled budget with community and other stakeholders and assist Mayor to revise budget following feedback, (taking into account the results of the third quarterly (section 52) report	30 April 2011	30 April 2011	MUNICIPAL MANAGER
Present Draft IDP & Budget to the community (IDP/ Budget Public Hearings 2011-2012)		5 - 30 April 2011	EXECUTIVE MAYOR
Respond to submissions received and if necessary revise the budget and table the amendments for Council consideration	30 April 2011	30 April 2011	MUNICIPAL MANAGER
Print and distribute all budget documentation including Draft IDP, SDBIP documentation prior to meeting which Budget/ IDP is to be approved	17 May 2011	17 May 2011	IDP CO- ORDINATOR
Forward approved Budget & IDP to National Treasury, Provincial Treasury & MEC for Local Government & Traditional Affairs	17 May 2011	17 May 2011	MUNICIPAL MANAGER & EXECUTIVE MAYOR

## SECTORAL STRATEGIES / PLANS

To response adequately and systematically to its development challenges, KSD has formulated a range a sectoral strategies as shown in the table below:

### Municipal Sector Strategies and Plans

Plan	Description	Year of Council Adoption	Last Review
Master Plan: Socio-Economic Development Plan	Set up a plan that guides Socio-Economic development investment opportunities	Draft July 2011- Current under review by National Departments. Approval expected by October 2011	
LED Strategy inclusive of SMME Development Strategic Framework	Sets sectoral priorities and catalytic projects to be initiated Capacitate SMMEs Create a business case for SMMEs	2008	Reviewed in February 2011
Tourism Master Plan	Market & promote tourism	2010	
Employment Equity Plan	Ensure/ achieve quality in the work place	2010	2010
Workplace Skills Plan	Enhance skills of employees and Councillors and to respond / achieve development plans, contained in the IDP	2009	

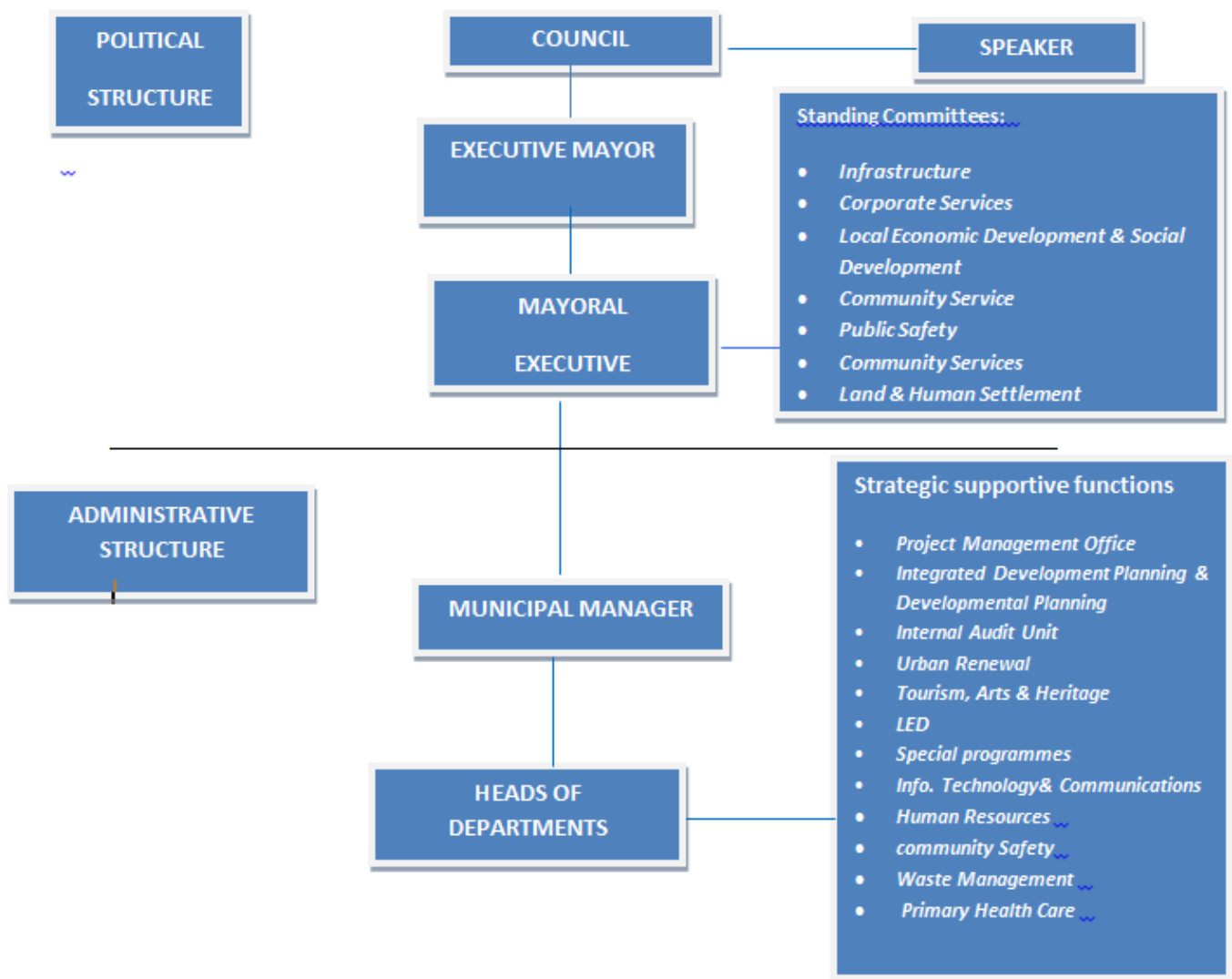
Plan	Description	Year of Council Adoption	Last Review
Succession Plan/ Strategy	To respond to the key positions that assist in fast-tracking service delivery	The succession plan is at an infant stage hoping to finalise it by end June 2011  The key positions are presently identified through the Placement which is aligned to the newly approved Organogram	
Human Resources Strategy/ Plan	To respond to the long-term development plan of the IDP	2010	
Organisational Performance Management System (OPMS)	Manage and monitor the performance of the Municipality	2007	Under reviewal
Performance Management System (PMS)	There is currently a performance management framework which was approved. The development of PMS is at planning stage to cover the whole institution. Currently, the available PMS applies to section 57 Managers and fixed contract employees	Under planning stage for all employees.	
Integrated Waste Management Plan	To improve waste management services and to comply with the legislation	2008	Is under reviewal
Environmental Management Plan	To address environmental issues & to comply with relevant legislation & Master Plan	Not yet adopted	



Plan	Description	Year of Council Adoption	Last Review
Spatial Development Framework	To guide planning for zoning of land in respect of business centres & residential areas	2010	
Integrated Rural Transport Plan	To address the regional transport nodes, corridors and spatial development and be the catalyst for economic development in the area	Draft – to be approved in October 2011	
Housing Sector Plan	To guide planning for construction of houses & how to address housing backlogs	2005	To be reviewed in 2011
Youth Development Strategy	How priority issues or youth in development will be dealt with	2010	Youth Development Strategy
Strategy for the Disabled People	How issues of disables people are handled	2010	

## The Decision-Making Process

The KSD has the following structures contained in the Organogram through which the IDP is implemented.





## CHAPTER 4: SERVICE DELIVERY

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## PROVISION OF BASIC SERVICES

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### WATER SERVICES

The operational service to deliver water is an OR Tambo DM responsibility. The ORTDM has allocated R51m for KSDM (KSD Municipality is negotiating with ORTDM with the aim of requesting ORTDM to release water to KSDM). There is a report which was prepared by DWAF in relation to the water quality and ORTDM needs to submit a report to the KSD Council in that regard. There were discussions with ORTDM to strengthen the IGR between the municipalities regarding the provision of this service.

However, with the handover of the services to ORT DM, the monitoring function moved to ORTDM as well.

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### ELECTRICITY SERVICES

The municipality is still relying on the Energy Master plan (Ballenden & Rob) which was developed in 1998 and refined by Taylor and Associates in 2001. The Plan has been overtaken with a series of activities relating to electricity connection from Eskom. Therefore, there is a need to update and align the Energy Master plan with the KSD Master Plan strategy growth plan as well as the Eskom supplies strategy.

The KSDM has developed an indigent policy which considers an alternative on renewable energy. There is also a MoU between St Lucia and KSDM to attend to renewable or alternative energy option.

However, KSDM experiences resource capacity both financially and human. The human resources will be considered in the organizational and re-structuring underway. KSDM has already made an attempt to approach funders to assist in electricity distribution.

KSD secured a R40m to upgrade the Urban Electricity Masterplan taken into account the latest BNG developments and KSD Masterplan business area allocations. It also started an emergency upgrade of the network linking the CBD with Hillcrest substation, rehabilitate the CBD kiosks and streetlights for safety to be NERSA compliant.

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## TRANSPORT

A Rural Integrated Transport Plan was initiated in November 2010 with a grant from DBSA and Department of Transport as access and mobility is key for development of the area. It includes all modes of transport re air, rail , road, public transport, animal draw cart and walking. It will also take into account the national corridors, regional and rural routes. The outcome will give KSD a guideline of future development and priorities.

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## SANITATION

The operational sanitation service is provided by OR Tambo DM. The ORTDM Have allocated R94m for the delivery of the service to KSDM.

The service provider ORTDM has a plan to address bulk infrastructure development with waste water treatment included. The KSD Master-plan brings new requirements to the fore and this requires that the plan by ORTDM needs to be aligned with development that will take place in KSD

## ROAD MAINTENANCE

The roads and transport conditions are in a bad state because, only light repairs are being done trying to erase the backlogs or projects are implemented in an abrupt fashion to restrict and/or respond to calamity and as a result are not sustainable since the roads require major rehabilitation in the urban areas. KSD integrated pavement management plan was compiled by Sector Consulting Engineer, OR Tambo District Municipality have employed Khuthele Projects to compile an integrated transport plan, both aligned to the Master plan.

## WASTE MANAGEMENT

An Integrated Waste Management Plan was compiled in 2007 by Arcus Gibbs in an attempt to improve waste management services in KSD. The plan covers waste streams, Estimates of waste generated and population size including requirement for waste removal operations and landfill site management.

The Department of Environmental Affairs and Tourism together with DWAF has condemned the use of unpermitted Landfill site and the municipality is in the process of closing the current site pending availability of land for the new site. The landfill site that is operational in Mqanduli is a permitted site but requires upgrading.

Funding of about R27 million has been secured by the Municipality from DEAT for Construction of new Landfill site in Mthatha and Upgrading of Landfill Site in Mqanduli. Feasibility study has been conducted on 7 sites to identify suitable site for establishment of the new Landfill Site. Out of the 7 sites 3 sites were regarded as possible sites for the Landfill and Geo –Tech studies and Hydrological studies were conducted. Based on the results of the studies the suitable site was identified as Orange Groove which is adjacent to and in the same ward with the current site which is currently at a bad state.

The Environmental Impact Assessment Studies and the progress on the establishment of the new site is on hold following refusal by the community affected to release the land citing health hazards posed to them by the existing site. Infrastructure and Community Services directorate of the municipality are in negotiations with the chiefs for the purchasing of land and also considering negotiating with adjacent municipality. The plan makes also provision to close and rehabilitate the existing sites in Mthatha and Mqanduli.

The EIA forms part of the IWMP and Ikamva Consulting is contracted to do EIA once the new site is chosen as part of the bigger waste management project.

Environmentally friendly practices and economic opportunities will be included in the design of the new site in line with the Master Plan Projects.

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## HOUSING AND TOWN PLANNING

A Housing Sector Plan was adopted by the Council in 2006 as an element of the Integrated Development Plan (IDP). This plan acknowledged the housing backlogs but needs to be aligned with the more recently adopted (2010) Sustainable Development Plan (SDP-also known as the Master Plan or 20 year vision). The SDP has been integrated into the IDP which gives the latter document a housing strategy which is in alignment with the Government's Breaking New Ground (BNG) policy.

(a) Housing and Town Planning Services Delivery

This Municipality, as a nominated developer of subsidy housing by the Provincial Department of Human Settlements (PDOHS) obtains funding through the PDOHS in terms of contracts in respect of identified projects.

In August 2007 a Memorandum of Understanding (MOU) was signed between the Provincial Department of Housing (now Provincial Department of Human Settlements - PDOHS) and KSD Municipality for the delivery of 17450 subsidy houses over a 7 year period. This MOU encapsulates the principles of integrated and sustainable housing delivery as contained in the BNG policy framework.

As a consequence of the MOU and BNG Policy (and a lack of capacity within the Municipality) a new strategy has been embarked upon involving the private sector in a role as an implementing agent. This principle is expected to speed up the delivery of housing at both subsidy and economic levels. After a lengthy and thorough tender process and Implementing agent was appointed in December 2010 (namely Stedone Developments) to start with the high level planning to deliver houses in the KSD urban and assist in unpacking of the immense task and subsequent leading to panning and delivering houses with DOHS support and funding.

Town Planning Services in terms of current legislation (Ordinance No. 33 of 1934), require approvals from the MEC for Provincial Local Government and Traditional Affairs, i.e. Town Planning Schemes, rezoning and townships/subdivisions after endorsement by the Council.

Town Planning Services will embrace the principles of the newly adopted SDP with the review of existing Town Planning Schemes (Land Use Management Plans) so as to institutionalize the former.



(b) Levels and Standards in Housing and Town Planning Services.

The BNG acknowledges that there are demands for different housing typologies for different income categories but promotes integration thereof to create sustainable Human Settlements. This integration creates a platform for sharing of facilities and upliftment of standards of living for those income groups qualifying for subsidies.

The SDP principles have created opportunities for mixed use zones and integrated planning as well as more effective use of land (i.e. higher densities). This will have a market effect on commuter patterns and increase Local Economic Development opportunities.

(c) Major Challenges in Housing and Town Planning and Remedial Actions

Challenges in housing delivery can be summarized thus:-

- Land availability (i.e. ownership)
- Land claims
- Speed of delivery (cash flows, VAT returns, capacity)

Remedial Actions in terms of the above include:-

- Concerted dialogue with and application to the Government in collaboration with the Housing Development Agency (HDA)
- Interaction with the Land Claims Commission (legal and otherwise) for release of land for development
- Public/Private Partnership in the form of commissioning of an
- Implementing Agent to assist in housing delivery.

## SPATIAL PLANNING

### (a) Spatial Development Plan (SDP)

An SDP was prepared for the Municipal Area in 2007. The plan identified 13 growth nodes which require/d further detailed planning. Of those nodes further planning for Mthatha, Mqanduli, Coffee Bay, Hole-In-The-Wall, Mvezo and Langeni has been carried out. Apart from Mthatha and Mqanduli, which are already being implemented, planning for the other nodes is in an advanced stage (detailed layout planning is being done at Mvezo and Langeni). Langeni is being planned in conjunction with Mhlontlo Municipality.

### (b) Land Use Management

The increase in number of applications in Rezoning and Special Consents is indicative of the need to review the current Town Planning Schemes (Mthatha and Mqanduli). Funds have been obtained through Local Government but have proved to be insufficient. New business plans have been submitted to increase funding to do these reviews.

### (c) Challenges in Spatial Planning and Remedial Actions

- Capacity Constraints (turnover of staff/lack of continuity)
- Communication Constraints (Comments for Reports dissemination of resolutions)

The creation of a Human Settlements Directorate which gives the functions being performed more autonomy and recognition will assist in the retention of staff.

The promotion of electronic systems for communication will improve current delays in processing of applications.

**Percentage (%) of Capital Budget spent:**

Financial year	% of Capital budget spent	Reasons for under spending
2009/2010	108	
2010/2011	81	Electricity – inadequate budget for completion of projects

**Municipal Infrastructure Grant (MIG):**

Financial year	Available funding 2009/10 R'000	Amount spent R'000	% spent
2009/2010	32 028	25 544	79.8
2010/2011	23 386	30 743	131.5

## HOUSING

Financial year	Allocation R'000	Amount spent R'000	% spent	Number of houses built	Number of sites serviced
2009/2010	6 867	6 867	100	330	n/a
2010/2011	551	551	100	150	n/a

## PROVISION OF FREE BASIC SERVICES

## Electricity:

Indigent Households			Non-indigent households			Households in Eskom areas		
Number of households	Unit per household (kwh)	Rand value	Number of households	Unit per household (kwh)	Rand value	Number of households	Unit per household (kwh)	Rand value
6 028	50	35.91	25 867	0	0	4 687	50	31.77

## Alternative Energy - Paraffin:

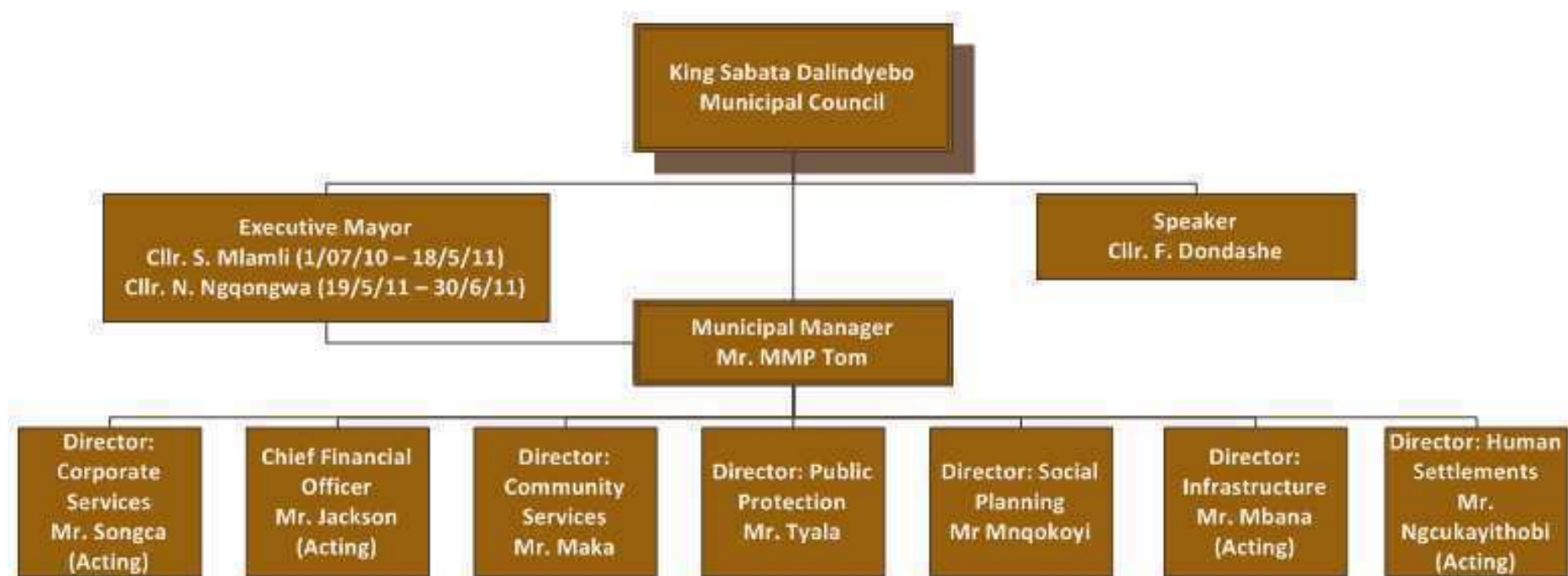
Indigent Households			Non-indigent households			Households in Eskom areas		
Number of households	Unit per household (litres)	Rand value	Number of households	Unit per household (liters)	Rand value	Number of households	Unit per household (liters)	Rand value
5 685	20	10.75	0	0	0	0	0	0

## Refuse removal:

Indigent Households			Non-indigent households		
Number of households	Unit per household	Rand value	Number of households	Unit per household	Rand value
1 341	2 collections per week	1 665.44	0	0	0

## RESOURCE AND ORGANISATIONAL MANAGEMENT

### KSD organizational structure



## Number of Posts

Department	Approved posts	Vacant posts	Vacancy Rate
Health and Environment	640	331	52%
Corporate Services	166	23	13.8%
Budget and Treasury	188	112	59%
Technical Services	477	149	31%
Municipal Manager's office	125	77	62%
Community Safety	787	396	50%
Social and Economic development	191	128	67%
Human Settlement	165	73	44.2%

## Municipal managers and S57 Manager's employment contracts and performance Agreements

Position	Employment Contract	Performance agreement	Submitted to the department Y/N
Municipal Manager	✓	✓	Y
Director: Infrastructure	✓	X	Y
Chief Financial officer	✓	X	Y
Social and Economic Development	✓	X	Y
Corporate Services	✓	X	Y
Community Safety	✓	X	Y
Health and Environment	✓	X	Y

## Staff development initiatives during the financial year

TYPE OF TRAINING	CATEGORY	NUMBER ATTENDED
AARTO training	Officials	09
Integrated Development Planning	Officials	03
	Councillors	17
Councillor Development and Capacity Building	Councillors	27
Municipal Performance Audit Training	Official	02
Government Media Course	Officials	01
Building Science & Woodwork	Official	11
Expenditure Revenue Management	Officials	1
Programme for Excellence: Thinking and Managing Strategically	Officials	1
Institute for Municipal Public Safety of SA National Conference	Officials	08
Supply Chain Management Workshop	Officials	21
Construction Contract Law	Officials	01
International Road Traffic Safety Management Conference	Officials	03
Executive Leadership Municipal Development Programme	Councillors	01
Basic Ambulance Assistance Course	Officials	04
Building Science & woodwork Phase 2	Officials	12
Executive Leadership Municipal Development Programme	Officials	1
Advance Law of Evidence	Officials	03
Basic Ambulance Assistance Course	Officials	07

TYPE OF TRAINING	CATEGORY	NUMBER ATTENDED
Basic Plumbing Training	Officials	15
Re-inventing the Organisational Development Forum	Officials	02
Job Evaluation Workshop	Councillor	01
Records Management Course	Officials	02
Transformer Operation & Maintenance	Officials	02
Africa Fraud and Corruption Prevention Conference	Officials	02
Organisation Structure Design	Officials	01
Basic Ambulance Assistant Course	Officials	03
ILGM Conference	Officials	01
Effective of municipal debt collection	Officials	2
Councillor Development and Capacity Building workshop	Officials	25
Disciplinary Enquiry Workshop	Officials	17
EMP10 Practical Workshop	Officials	01
Local Economic Development Workshop	Officials	04
Recruitment and Selection Course	Councillors Officials	10 02
Personal Assistants Advancement Programme	Officials	12
Manage LIC Projects Training	Officials	02
iLGM Women's Conference	Officials	01
Optimising Accounts Payable	Officials	02
Executive Leadership Municipal Development Programme	Councillors	01
Minute Taking and Report Writing Workshop	Officials	15
Mid-Year Labour Update	Officials	03



TYPE OF TRAINING	CATEGORY	NUMBER ATTENDED
Examiner for Drivers Licence	Officials	02
Advanced Performance Training	Officials	01
Organogram Review Workshop	Councillor	35
	Officials	06
Practical Labour Law Programme	Officials	02
Fleet and Transport Management	Officials	03
Experiential training	Students	18
Accredited Qualifications	Officials	09
Internship Programme	Young professional	08

## Key HR statistics per functional area

## Municipal Manager / Section 57

	Approved positions	Number of approved and budgeted posts per person	Filled posts as at end June 2010	Vacant posts as at end June 2011
1	Municipal Manager	1	1	0
2	Director: Social and Economic Development	1	1	0
3	Director: Corporate Services	1	0	1
4	Director: Health and Environment	1	1	0
5	Director: Community Safety	1	1	0
6	Chief Financial Officer	1	1	0
7	Director: Technical Services	1	1	0
8	Director: Human Settlements	1	0	1
9	General Manager: Internal Audit	1	0	1
10	General Manager: Speaker's Office	1	0	1
11	General Manager: Mqanduli Unit	1	1	0
12	General Manager: Civil Engineering	1	1	0
13	General Manager: Electrical Engineering	1	0	1
14	General Manager: Local Economic Development	1	0	1
15	General Manager: Integrated Community Development	1	0	1

	Approved positions	Number of approved and budgeted posts per person	Filled posts as at end June 2010	Vacant posts as at end June 2011
16	General Manager: Health Services	1	0	1
17	General Manager: Solid Waste	1	1	0
18	General Manager: Revenue and Accounting	1	1	0
19	General Manager: Supply Chain Manager	1	1	0
20	General Manager: Corporate Services	1	1	0
21	General Manager: Organisational Support	1	0	1
22	General Manager: Development Planning	1	1	0
23	General Manager: Housing and Physical Environment	1	1	0

#### Functional areas per organogram as at end June 2011

	Approved positions – Executive managers/ ass managers	Number of approved posts per position	Filled posts	Vacant posts
1	Technical Services	477	328	149
2	Civil Engineering	217	100	117
3	Electrical Services	137	74	63
4	Human Settlement	165	92	73
5	Development Planning	35	16	19
6	Housing and Physical Environment	130	76	54
6	Budget and Treasury	188	76	112
8	Revenue and Accounting	276	58	218

	Approved positions – Executive managers/ ass managers	Number of approved posts per position	Filled posts	Vacant posts
9	Supply Chain Management	70	26	44
10	Health and Environment	640	309	331
11	Health Services	240	99	141
12	Solid Waste	400	210	190
13	Municipal Manager' Office	125	48	77
14	Speaker's Office	51	24	27
15	Management Support	39	15	24
16	Executive Mayor's Office	35	09	26
15	Social and Economic Development	191	63	128
16	Integrated Community Development	149	51	98
17	Local Economic Development	42	12	30
18	Corporate Services	166	99	23
19	Organisational Support	112	62	50
20	Human Resources	54	37	17
21	Community Safety	787	391	396
22	Chief Traffic Officer	665	316	349
23	Chief Fire and Emergency Services	122	80	42

### Technical staff registered with professional bodies as at end June 2011

Technical services	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Electrical Services	02	02	None	none
Human Settlements	04	02	None	None
Civil Engineering	02	02	None	None
Works	01	01	None	None

### Levels of education and skills

Total number of staff	Number of staff without grade 12	Number of staff with senior certificate only	Number of staff with tertiary/ accredited professional training
1125	485	473	167

**List of pension and medical aids to which employees belong**

<b>Names of pension fund</b>	<b>Number of members</b>	<b>Names of medical Aids</b>	<b>Number of members</b>
<b>Cape Joint pension fund</b>	<b>07</b>	<b>Key Health</b>	<b>5</b>
		<b>Bonitas</b>	<b>47</b>
<b>National fund for municipal workers</b>	<b>307</b>	<b>Hosmed</b>	<b>463</b>
<b>SA Municipal Workers Union pension fund</b>	<b>438</b>	<b>Samwumed</b>	<b>114</b>
<b>SALA Pension fund</b>	<b>0</b>		

Senior officials' wages and benefits as at end June 2010 are included in the notes to the Annual Financial Statements

**Implementation of the Performance Management System (PMS):**

Arrangements are being made for the cascading of the Performance Management System to the next level of managers.

### Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for)	Achievement level	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	284	139	49%	Budget constraints
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	07	07	100%	
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	04	02	50%	
4	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5 year term	1125	1086	96%	
5	Percentage of councillors who attended a skill development training within the current 5 year term	64	64	100%	
6	Percentage of staff complement with disability	02	02	100%	

## CHAPTER 5: FINANCIAL VIABILITY



### Performance against budgets:

Financial year	Revenue				Operating expenditure			
	Budget R'000	Actual R'000	Diff. R'000	% deviation	Budget R'000	Actual R'000	Diff. R'000	% deviation
2009/2010	478 408	644 454	166 046	35%	478 408	526 151	47 743	10%
2010/2011	538 924	600 650	61 726	11	534 135	549 808	15 673	3

### Gross outstanding consumer debtors per service

Financial year	Rates R'000	Trading services (Electricity and Water) R'000	Economic services (Sewerage and Refuse) R'000	Housing rentals R'000	Other R'000	Total R'000
2009/2010	89 057	17 772	52 629	43 162	(5 605)	197 015
2010/2011	112 407	28 493	60 672	51 710	(4 533)	248 749
Difference	23 350	10 721	8 043	8 548	1 072	51 734
% growth year on year	26.2	60.5	15.3	19.8	19.1	26.3

**Total debtors age analysis:**

Financial year	Debtor age analysis				
	Less than 30 days R'000	Between 30-60 days R'000	Between 60-90 days R'000	More than 90 days R'000	Total R'000
2009/2010	38 861	7 461	6 201	144 493	197 016
2010/2011	5 594	17 782	8 157	217 215	248 748
Difference	(33 266)	10 320	1 957	72 722	51 732
% growth year on year	(85.6)	138.3	31.6	50.3	26.3

**Staff cost as % of total operating expenditure (Excludes councillor allowances):**

Financial year	Total Expenditure salary and allowances (R'000)	Total Expenditure (R'000)	Percentage (%)
2009/2010	180 980	526 151	34.4
2010/2011	198 868	549 808	36.2

**Level of reliance on grants and subsidies:**

Financial year	Total grants and subsidies received (R'000)	Total Operating Revenue (R'000)	Percentage (%)
2009/2010	293 409	644 454	45.5
2010/2011	210464	600 650	35

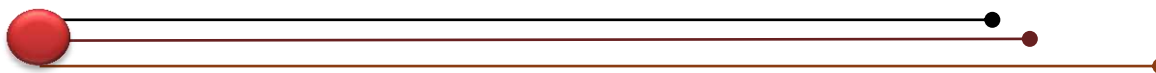
**Liquidity ratio:**

Financial year	Net current assets (R'000)	Net current liabilities (R'000)	Ratio
2008/2009	341 585	174 473	2.0:1
2009/2010	371 581	164 081	2.3:1
2010/2011	387 194	184 643	2.1:1

The national norm is 1.5:1.

**Audit report 2010/11:**

The municipality had a **DISCLAIMER** report, (See report under the heading “**2010/2011 REPORT OF THE AUDITOR-GENERAL**”



**Financial policies:**

Policy	Approved by council	Implemented	Promulgated in By-Law
Tariff policy	Yes	Yes	Included in by-law
Credit control policy	Yes	Yes	Yes
Indigent policy	Yes	Yes	Included in by-law
SCM policy	Yes	Yes	No
Rates policy	Yes	Yes	Yes
Investment policy	Yes	Yes	No
Asset management policy	Yes	Yes	No



## 2010/2011 FINANCIAL STATEMENTS



***ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011***

**King Sabata Dalindyebo Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**General information**

**Members of the Council**

**Previous Executive Mayor**

Cllr S Mlamli

**Executive Mayor - Appointed 3 June 2011**

Cllr N Ngqongwa

**Speaker**

Cllr FV Dondashe

**Chief Whip**

Cllr DM Zozo

**Previous Members of the Executive Committee**

Cllr LN Ntlonze (Special Programmes Unit)  
Cllr KK Mdikane (PSED)  
Cllr Mangxaba Holomisa (Chief Whip)  
Cllr BT Mashiyi (Technical Services)  
Cllr SS Dawuwa (Budget and Treasury)  
Cllr N Ngqongwa (Human Settlements)  
Cllr NS Njemla (Community Services)  
Cllr M Stoyile (Public Safety)  
Cllr MA Mayekiso (Corporate Services)

**New Members of the Executive Committee  
- Appointed 3 June 2011**

Cllr LS Nduku (Infrastructure)  
Cllr LN Ntlonze (Corporate Services)  
Cllr N Gcingca (Local Economic Development)  
Cllr MS Mlandu (Public Safety and Transport)  
Cllr KK Mdikane (Planning and Development)  
Cllr FRS Ngcobo (Budget and Treasury)  
Cllr N Nyangani (Special Programmes Unit)  
Cllr M Mtirara (Disaster Management)  
Cllr LR Madyibi (Community Services)

**Previous Council Members**

Cllr H Bungqu  
Cllr V Dangala  
Cllr NR Gcingca  
Cllr ON Godololo  
Cllr MB Gqithiyeza  
Cllr ZM Gusana  
Cllr PJ Gwadiso  
Cllr DB Gwazela  
Cllr AVM Kraai  
Cllr N Kuluta  
Cllr KN Kwetana  
Cllr PN Liwani  
Cllr AN Lumkwana  
Cllr GN Madubedube  
Cllr LR Madyibi  
Cllr N Madyibi  
Cllr P Mangesi  
Cllr PN Mantanga  
Cllr M Mapelana  
Cllr M Mavukwana  
Cllr BM Mbutuma  
Cllr N Mda  
Cllr M Mkhoteli  
Cllr M Mpahlwa  
Cllr M Mbutye  
Cllr GM Mkupa

Cllr ZN Mncunza  
Cllr VC Momoza  
Cllr MH Mtirara  
Cllr FM Mtwana  
Cllr N Mtwana  
Cllr WN Mvunge  
Cllr NF Mzimane  
Cllr GN Ndila  
Cllr NA Ndlela  
Cllr B Ndlobongela  
Cllr MM Ngabayena  
Cllr RF Ngqele  
Cllr N Ngqongwa  
Cllr SS Njemla  
Cllr NL Nkosiyanane  
Cllr HMM Ntshobane  
Cllr S Nyengane  
Cllr B Pierce  
Cllr SS Qina  
Cllr E Sangovana  
Cllr ZL Siziba  
Cllr NA Sobahle  
Cllr NF Soldati  
Cllr KW Tsipa  
Cllr V Vayeke

**King Sabata Dalindyebo Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**New Members - appointed 3 June 2011**

Cllr BD Bara	Cllr HN Maroloma
Cllr M Bunzana	Cllr XT Matiti
Cllr V Dangala	Cllr M Mavukwana
Cllr J Dlamini	Cllr B Mazini
Cllr EM Fileyo	Cllr M Menzelwa
Cllr M Gogo	Cllr LL Mkhonto
Cllr ZN Gusana	Cllr S Mlamli
Cllr VO Gwadiso	Cllr ZN Mncunza
Cllr M Jafta	Cllr B Momoza
Cllr NC Jijana	Cllr N Mpemnyama
Cllr R Knock	Cllr NE Mqhingwana
Cllr NS Kwaza	Cllr MJ Msakeni
Cllr KN Kwetana	Cllr TM Mtirara
Cllr NM Luqhide	Cllr MH Mtirara
Cllr LM Luwaca	Cllr FM Mtwana
Cllr AZ Luyenge	Cllr N Mtwana
Cllr Z Magazi	Cllr NF Mzimane
Cllr ET Mapekula	Cllr N Pali
Cllr ZV Maqabuka	Cllr M Plam
Cllr M Ngabayena	Cllr ST Peters
Cllr NA Ndlela	Cllr NSS Qina
Cllr B Ndlobongela	Cllr N Qwase
Cllr GN Nelani	Cllr VN Roji
Cllr SS Njemla	Cllr WV Sanda
Cllr T Nomvete	Cllr N Sikhonkothela
Cllr PP Nontshiza	Cllr LA Tshiseka
Cllr T Nqadolo	Cllr KW Tsipa
Cllr M Nyoka	Cllr MI Xentsa
Cllr VN Xhobani	
Cllr MA Zimela	



**King Sabata Dalindyebo Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**General information (continued)**

<b>Nature and Legal Form of Entity:</b>	The entity functions as a local municipality, established under Paragraph 151 of the Constitution of the Republic of South Africa, 1996, as amended.
<b>Principal Activities:</b>	The municipalities principal activities are defined and governed by paragraph 152, Chapter 7, of the Constitution of the Republic of South Africa, 1996, as amended
<b>Legislation:</b>	<p>The main legislation governing the municipality's operations are:</p> <p>Municipal Finance Management Act No.56 of 2003 Municipal Systems Act No.32 of 2000 Municipal Structures Act No. 117 of 1998</p>
<b>Registered Office:</b>	Mthatha
<b>Physical address:</b>	Munitata Building Surtherland Street Mthatha
<b>Postal address:</b>	Private Bag X 5083 Mthatha 5099
<b>Telephone number:</b>	(047) 501 4000
<b>Fax number:</b>	(047) 531 2085
<b>E-mail address:</b>	<a href="mailto:ksd@ksd.org.za">ksd@ksd.org.za</a>
<b>Grading of Local Authority</b>	Grade 4
<b>Auditors</b>	Auditor General South Africa
<b>Bankers</b>	ABSA First National Bank

**King Sabata Dalindyebo Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Approval of annual financial statements**

I am responsible for the preparation of these annual financial statements, which are set out on pages 6 to 60, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

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Municipal Manager:

*31 August 2011*

**King Sabata Dalindyebo Municipality**  
**ANNUAL FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

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**King Sabata Dalindyebo Municipality**  
**STATEMENT OF FINANCIAL POSITION**  
as at 30 June 2011

	Note	2011 R	2010 R
<b>ASSETS</b>			
<b>Current assets</b>		<b>387 193 537</b>	<b>371 581 295</b>
Cash and cash equivalents	1	28 297 964	22 694 962
Trade and other receivables from exchange transactions	2	81 126 527	68 868 715
Other receivables from non-exchange transactions	3	225 712	2 812 026
Inventories	4;10	75 425 957	87 706 517
Call Investment Deposits	5	159 811 209	151 764 291
VAT receivable	13	42 306 167	37 734 784
<b>Non-current assets</b>		<b>924 857 578</b>	<b>886 722 941</b>
Non-current receivables	6	156 541	160 181
Property, plant and equipment	7;10	882 459 455	827 338 886
Intangible assets	8	390 151	509 090
Investment property carried at fair value	9	41 851 431	58 714 784
<b>Total assets</b>		<b>1 312 051 115</b>	<b>1 258 304 236</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		<b>184 642 940</b>	<b>164 080 531</b>
Trade and other payables from exchange transactions	11	98 973 688	54 477 025
Consumer deposits	12	1 294 136	947 933
Unspent conditional grants and receipts	14	68 725 057	93 674 060
Current portion of borrowings	15	5 393 489	4 733 554
Current portion of finance lease liability	16	90 337	81 727
Non-current liabilities held for sale	10	10 166 232	10 166 232
<b>Non-current liabilities</b>		<b>73 858 668</b>	<b>74 698 864</b>
Non-current borrowings	15	51 844 667	51 037 160
Non-current finance lease liability	16	257 334	348 126
Provisions	17	21 756 668	23 313 578
<b>Total liabilities</b>		<b>258 501 608</b>	<b>238 779 396</b>
<b>Net assets</b>		<b>1 053 549 507</b>	<b>1 019 524 840</b>
<b>NET ASSETS</b>			
Reserves		149 024 280	148 978 379
Accumulated surplus		904 525 227	870 546 461
<b>Total net assets</b>		<b>1 053 549 507</b>	<b>1 019 524 840</b>

**King Sabata Dalindyebo Municipality**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ending 30 June 2011

	Note	2011 R	2010 R
<b>Revenue</b>			
Property rates	18	122 589 258	117 216 295
Service charges	19	205 925 635	170 794 208
Rental of facilities and equipment	20	12 275 577	10 924 103
Interest earned - external investments	21	7 016 608	8 538 455
Interest earned - outstanding receivables	22	22 099 242	23 382 824
Fines		1 936 231	1 806 240
Licences and permits		10 140 296	11 321 912
Government grants and subsidies - Operating	23	147 887 803	127 257 594
Government grants and subsidies - Capital	23	62 576 331	166 151 117
Other income	24	8 202 827	7 061 621
<b>Total revenue</b>		<b>600 649 808</b>	<b>644 454 369</b>
<b>Expenses</b>			
Employee related costs	25	198 867 916	180 999 718
Remuneration of councillors	26	18 729 089	15 825 035
Bad debts		51 103 939	109 266 408
Debtors adjustments		1 247 146	8 897 139
Depreciation and amortisation expense	27	18 214 076	12 050 631
Repairs and maintenance		31 606 822	9 346 081
Finance costs	28	8 639 102	5 042 228
Bulk purchases	29	110 469 557	90 833 453
Contracted services	30	5 552 560	3 055 449
Grants and subsidies paid	31	21 360 135	18 755 526
General expenses	32	84 017 347	72 079 143
<b>Total expenses</b>		<b>549 807 689</b>	<b>526 150 811</b>
Gain on disposal of assets	33	-	254 231
Profit / (loss) on fair value adjustment	34	(16 863 353)	-
<b>Surplus for the period</b>		<b>33 978 766</b>	<b>118 557 788</b>

**King Sabata Dalindyebo Municipality**  
**STATEMENT OF CHANGES IN NET ASSETS**  
as at 30 June 2011

	Revaluation Reserve	Other reserves	Total: Reserves	Accumulated Surplus/(Deficit)	Total: Net Assets
Note	R	R	R	R	R
<b>Balance at 30 June 2009</b>	<b>87 385 866</b>	<b>1 140 392</b>	<b>88 526 258</b>	<b>558 835 371</b>	<b>647 361 629</b>
Restatement of Opening balance due to Error (Note 45)	60 150 499		<b>60 150 499</b>	193 153 302	253 303 801
<b>Restated balance 30 June 2009</b>	<b>147 536 365</b>	<b>1 140 392</b>	<b>148 676 757</b>	<b>751 988 673</b>	<b>900 665 430</b>
<i>Movement in reserves</i>		301 622	<b>301 622</b>	-	301 622
Surplus for the period			-	118 557 788	118 557 788
<b>Balance at 30 June 2010</b>	<b>147 536 365</b>	<b>1 442 014</b>	<b>148 978 379</b>	<b>870 546 461</b>	<b>1 019 524 840</b>
<i>Movement in reserves</i>		45 901	<b>45 901</b>		45 901
Surplus for the period			-	33 978 766	33 978 766
<b>Balance at 30 June 2011</b>	<b>147 536 365</b>	<b>1 487 915</b>	<b>149 024 280</b>	<b>904 525 227</b>	<b>1 053 549 507</b>

**King Sabata Dalindyebo Municipality**  
**CASH FLOW STATEMENT**  
as at 30 June 2011

	Note	2011 R	2010 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		504 939 993	574 217 378
Cash paid to suppliers and employees		(440 332 116)	(392 629 114)
<b>Cash Generated from operations</b>	35	<b>64 607 877</b>	<b>181 588 264</b>
Interest received		29 115 849	31 921 279
Interest paid		(8 639 102)	(5 042 228)
<b>Net cash flows from operating activities</b>		<b>85 084 623</b>	<b>208 467 315</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(73 169 806)	(154 318 814)
Proceeds on disposal of property, plant and equipment		-	254 231
Decrease in non-current receivables		3 640	38 458
<b>Net cash flows from investing activities</b>		<b>(73 166 165)</b>	<b>(154 026 125)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Raising/(Repayment) of borrowings		1 467 442	(4 415 398)
(Repayment) of finance lease liability		(82 182)	(94 956)
Increase in consumer deposits		346 203	269 538
<b>Net cash flows from financing activities</b>		<b>1 731 463</b>	<b>(4 240 816)</b>
<b>Net increase / (decrease) in net cash and cash equivalents</b>		<b>13 649 921</b>	<b>50 200 374</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>174 459 253</b>	<b>124 258 879</b>
<b>Net cash and cash equivalents at end of period</b>	35.3	<b>188 109 174</b>	<b>174 459 253</b>

**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**1 BASIS OF ACCOUNTING**

**1.1 BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003) and in terms of General Notices 991 of 2005 and General Notice 516 of 2008.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

**1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

**1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

**1.4 COMPARATIVE INFORMATION**

Budget information in accordance with GRAP 1 has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

**STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET**

**1.5 EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 21 Impairment of Non-cash generating Assets - issued March 2009

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008

GRAP 24 Budget Information - issued November 2008

GRAP 25 Employee Benefits - issued November 2009

GRAP 26 Impairment of Cash-generating Assets - issued March 2009

GRAP 103 Heritage Assets - issued July 2008

GRAP 104 Financial Instruments - issued October 2009

**1.5.1 POSSIBLE IMPACT OF INITIAL APPLICATION OF STANDARDS OF GRAP APPROVED BUT NOT YET EFFECTIVE**

GRAP 21: Impairment of current non-cash generating assets principals per GRAP 21 are similar to standards already applied, therefore no major deviation in accounting policy is foreseen.

GRAP 23,25,26,104: The current accounting policies do not deviate substantially from the requirements per the not yet approved GRAP standards, the impact of the adoption of these standards are therefore not considered to be substantial.

GRAP 103: The adoption of this standard will result in the separate classification and valuation of these assets, resulting in a restatement of prior period balances to the earliest prior period presented.



**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**2 RESERVES**

**2.1 REVALUATION RESERVE**

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/(deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/(deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.

On subsequent revaluation of PPE, where the revalued amount is higher than the historical cost less accumulated depreciation, the surplus will be reversed to the Statement of Financial Performance only to the extent that it relates to the original surplus amount recognised in Revaluation reserve. Any revaluations lower than this historical cost less accumulated depreciation will be treated as an impairment loss.

**2.2 SELF INSURANCE RESERVE**

A Self-Insurance Reserve has been established and, subject to external insurance where, deemed necessary, covers claims that may occur.

Premiums are charged to the respective services taking into account claims history and replacement value of the insured assets.

The balance of the Self-Insurance Reserve is fully cash backed and invested.

**3 PROPERTY, PLANT AND EQUIPMENT**

**3.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**3.2 SUBSEQUENT MEASUREMENT - REVALUATION MODEL (LAND AND BUILDINGS)**

Subsequent to initial recognition, land and buildings are carried at a revalued amount, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**3.3 SUBSEQUENT MEASUREMENT - COST MODEL**

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

**3.4 DEPRECIATION AND IMPAIRMENT**

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

<b>Infrastructure</b>	<b>Years</b>	<b>Other</b>	<b>Years</b>
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Sewerage	15-20	Office equipment	7
		Furniture and fittings	10
		Watercraft	15
<b>Community</b>		Bins and containers	5
Buildings	30	Specialised plant and equipment	15
Recreational Facilities	20-30	Other items of plant and equipment	5
Security	5	Landfill sites	30
Halls	30	Computer equipment	3
Libraries	30		
Parks and gardens	20-30		
Sport Fields	20-30		
<b>Heritage assets</b>		<b>Finance lease assets</b>	
Buildings	30	Vehicles	5
Paintings and artifacts	Infinite		

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**3.5 DERECOGNITION**

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**4 INTANGIBLE ASSETS**

**4.1 INITIAL RECOGNITION**

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

**4.2 SUBSEQUENT MEASUREMENT - COST MODEL**

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

**4.3 AMORTISATION AND IMPAIRMENT**

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	3 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

**4.4 DERECOGNITION**

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**5 INVESTMENT PROPERTY**

**5.1 INITIAL RECOGNITION**

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

**5.2 SUBSEQUENT MEASUREMENT - FAIR VALUE MODEL**

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

**6 INVENTORIES**

**6.1 INITIAL RECOGNITION**

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

**6.2 SUBSEQUENT MEASUREMENT**

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is on the weighted average cost method.

**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**7 FINANCIAL INSTRUMENTS**

**7.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

**7.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

**7.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**7.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**7.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

**7.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**8 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**9 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**10 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**11 PROVISIONS**

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

**12 LEASES**

**12.1 MUNICIPALITY AS LESSEE**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**12.2 MUNICIPALITY AS LESSOR**

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**13 REVENUE**

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

**13.1 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.



**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**13.2 GRANTS, TRANSFERS AND DONATIONS**

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

**14 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

**15 EMPLOYEE BENEFITS**

**15.1 SHORT - TERM EMPLOYEE BENEFITS**

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences and profit sharing and bonus plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

**15.2 TERMINATION BENEFITS**

Termination benefits are recognised when actions have been taken that indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

**15.3 RETIREMENT BENEFITS**

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

**Defined Contribution Plans**

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**Post Employment Medical Care Benefits**

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.



**King Sabata Dalindyebo Municipality**  
**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**for the year ending 30 June 2011**

**16 IMPAIRMENT OF ASSETS**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

**17 IMPAIRMENT OF ASSETS**

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimated. actual results in the future could differ from these estimated which may be material to the annual financial statements. Significant judgements include: -

**Fair value adjustments**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

**Impairment testing**

The entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

**Allowance for doubtful debts**

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as a difference between the debtors carrying amount and the recoverable amount.

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	Note	2011 R	2010 R
<b>1 CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents consist of the following:			
Cash on hand		2 200	2 200
Cash at bank		28 295 764	22 692 762
		<u>28 297 964</u>	<u>22 694 962</u>
The Municipality has the following bank accounts: -			
<b><u>Current Account (Primary Bank Account)</u></b>			
Meeg Bank - Mthatha: Account Number 4048218780		9 118 907	3 632 890
Cash book balance at beginning of year		3 632 890	21 862 406
Cash book balance at end of year		<u>9 118 907</u>	<u>3 632 890</u>
Bank statement balance at beginning of year		12 670 608	27 802 138
Bank statement balance at end of year		<u>8 170 184</u>	<u>12 670 608</u>
<b><u>Current Account (Other Account)</u></b>			
Meeg Bank Cash Focus - Mthatha: Account Number 4053806112		21 208	16 439
Meeg Bank Inter government grant - Mthatha: Account Number 408400474		1 991	12 607 319
Meeg Bank Electricity Account - Mthatha Account Number 4061496604		3 394 165	1 877 096
FNB Electricity Income - Mthatha Account Number 62090323636		15 759 494	4 559 018
Cash book balance at beginning of year		19 059 872	8 896 741
Cash book balance at end of year		<u>19 176 857</u>	<u>19 059 872</u>
Bank statement balance at beginning of year		15 608 604	8 561 979
Bank statement balance at end of year		<u>19 176 857</u>	<u>15 608 604</u>
<b><u>Cash on hand</u></b>		<u>2 200</u>	<u>2 200</u>
Total cash and cash equivalents		<u>28 297 964</u>	<u>22 694 962</u>

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

<b>2 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>	<b>Gross Balances R</b>	<b>Provision for Doubtful Debts R</b>	<b>Net Balance R</b>
<b><u>Trade receivables</u></b>			
<b>as at 30 June 2011</b>			
Service debtors			
Rates	112 406 998	(81 001 795)	31 405 203
Electricity	28 493 028	(20 532 408)	7 960 619
Water	-	-	-
Sewerage	-	-	-
Refuse	60 671 516	(43 720 603)	16 950 913
Housing rental	51 710 142	(37 262 932)	14 447 210
Other	(4 533 158)	3 266 647	(1 266 512)
<b>Total</b>	<b>248 748 526</b>	<b>(179 251 091)</b>	<b>69 497 434</b>
Discounting of trade receivables	(1 955 174)		(1 955 174)
<b>Transfer of credit balances to Trade and other payables (see note 11)</b>	<b>13 584 267</b>	<b>-</b>	<b>13 584 267</b>
<b>Total</b>	<b>260 377 619</b>	<b>(179 251 091)</b>	<b>81 126 527</b>

**as at 30 June 2010**

Service debtors			
Rates	89 057 453	(57 926 598)	31 130 855
Electricity	17 772 484	(11 559 948)	6 212 536
Water	-	-	-
Sewerage	-	-	-
Refuse	52 629 484	(34 232 362)	18 397 122
Housing rental	43 162 158	(28 074 427)	15 087 731
Other	(5 605 711)	3 646 183	(1 959 528)
<b>Total</b>	<b>197 015 868</b>	<b>(128 147 153)</b>	<b>68 868 715</b>

**Rates: Ageing**

Current (0 – 30 days)	(1 561 774)	19 175 887
31 - 60 Days	4 747 693	2 643 251
61 - 90 Days	3 565 659	2 853 972
91 - 120 Days	106 723 690	64 384 343
<b>Total</b>	<b>113 475 268</b>	<b>89 057 453</b>

**Electricity**

Current (0 – 30 days)	10 914 894	14 011 786
31 - 60 Days	10 083 143	2 515 737
61 - 90 Days	1 842 845	211 089
91 - 120 Days	6 238 015	1 033 872
<b>Total</b>	<b>29 078 897</b>	<b>17 772 484</b>

**Refuse**

Current (0 – 30 days)	2 130 702	11 611 440
31 - 60 Days	1 797 281	1 263 723
61 - 90 Days	1 732 871	1 441 364
91 - 120 Days	55 010 662	38 312 956
<b>Total</b>	<b>60 671 516</b>	<b>52 629 484</b>

**Housing Rentals**

Current (0 – 30 days)	(526 517)	666 342
31 - 60 Days	1 152 420	892 616
61 - 90 Days	1 016 095	886 421
91 - 120 Days	50 068 144	40 716 779
<b>Total</b>	<b>51 710 142</b>	<b>43 162 158</b>

**Other**

Current (0 – 30 days)	(5 362 927)	(6 604 607)
31 - 60 Days	1 093	146 169
61 - 90 Days		807 656
91 - 120 Days	976 999	45 070
<b>Total</b>	<b>(4 384 835)</b>	<b>(5 605 711)</b>

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Summary of Debtors by Customer Classification**

2.1

**as at 30 June 2011**

	Consumers R	Industrial / Commercial R	National and Provincial Government R
Current (0 – 30 days)	17 157 920	5 916 003	(1 553 866)
31 - 60 Days	13 039 414	3 055 505	1 781 508
61 - 90 Days	5 784 471	1 330 152	1 067 213
91 - 120 Days	176 820 260	22 649 257	3 503 150
Sub-total	<b>212 802 064</b>	<b>32 950 918</b>	<b>4 798 006</b>
Less: Provision for doubtful debts	(157 981 607)	(18 345 158)	(2 924 327)
<b>Total debtors by customer classification</b>	<b>54 820 458</b>	<b>14 605 760</b>	<b>1 873 679</b>

**as at 30 June 2010**

	Consumers R	Industrial / Commercial R	National and Provincial Government R
Current (0 – 30 days)	34 545 092	7 200 011	(2 825 198)
31 - 60 Days	6 512 881	687 715	249 263
61 - 90 Days	4 977 045	1 150 307	39 734
91 - 120 Days	128 243 211	15 565 102	670 705
Sub-total	<b>174 278 229</b>	<b>24 603 135</b>	<b>(1 865 496)</b>
Less: Provision for doubtful debts	(114 471 812)	(13 115 456)	(559 885)
<b>Total debtors by customer classification</b>	<b>59 806 417</b>	<b>11 487 679</b>	<b>(2 425 381)</b>

2.2 **Reconciliation of the doubtful debt provision**

	2011 R	2010 R
Balance at beginning of the year	128 147 153	31 861 635
Contributions to provision	51 103 939	109 266 408
Doubtful debts written off against provision	-	(12 980 890)
Reversal of provision	-	-
<b>Balance at end of year</b>	<b>179 251 091</b>	<b>128 147 153</b>

**Trade and other receivables past due but not impaired**

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2009,

The ageing of amounts past due but not impaired is as follows:

1 month past due	5 594 378	14 048 389
2 months past due	17 781 631	7 849 124
3 months past due	8 157 470	6 282 653

**Trade and other receivables impaired**

As of 30 June 2011, trade and other receivables of R 179 251 091 (2010: R 128 147 153) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	(179 251 091)	(128 147 153)
Over 6 months	(179 251 091)	(128 147 153)

The fair value of trade and other receivables approximates their carrying amounts.

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**3 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS**

	2011 R	2010 R
Other debtors	225 712	-
Prepayments	-	2 812 026
<b>Total Other Debtors</b>	<b>225 712</b>	<b>2 812 026</b>

**4 INVENTORIES**

<b>Closing balance of inventories:</b>	<b>75 425 957</b>	<b>87 706 517</b>
Consumable stores	125 856	1 535 619
Maintenance materials	-	-
Spare parts	268 759	(53 444)
Water	(158)	(158)
Township houses	75 031 500	86 224 500

**5 CALL INVESTMENT DEPOSITS**

Deposits	9 416 568	21 544 904
Call investments	150 394 642	130 219 387
	<b>159 811 209</b>	<b>151 764 291</b>

Investment deposits are ring fenced in separate investment accounts for conditional grants.

**6 NON-CURRENT RECEIVABLES**

Officials : Housing loans	156 541	160 181
<b>Total</b>	<b>156 541</b>	<b>160 181</b>

**HOUSING SELLING SCHEME LOANS**

No Housing loans are granted to officials of the municipality anymore. The outstanding amount is recovered from employee salaries

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**7 PROPERTY, PLANT AND EQUIPMENT**

**7.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2010</b>	<b>326 994 793</b>	<b>29 807 662</b>	<b>266 712 094</b>	<b>201 556 742</b>	-	<b>1 963 864</b>	<b>303 730</b>	<b>827 338 884</b>
Cost/Revaluation	326 994 793	47 043 430	554 021 043	208 872 882	-	10 108 015	492 105	1 147 532 268
Accumulated depreciation and impairment losses	-	(17 235 769)	(287 308 949)	(7 316 140)	-	(8 144 151)	(188 375)	(320 193 384)
Acquisitions	118 500	87 089	20 773 473	-	-	2 872 799	-	23 851 861
Capital under Construction	-	-	49 469 301	-	-	-	-	49 469 301
Depreciation	-	(1 571 016)	(8 825 459)	(6 967 790)	-	(751 389)	(98 421)	(18 214 075)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-	-
<b>as at 30 June 2011</b>	<b>327 113 293</b>	<b>28 323 734</b>	<b>328 129 409</b>	<b>194 588 952</b>	-	<b>4 085 275</b>	<b>205 309</b>	<b>882 445 971</b>
Cost/Revaluation	327 113 293	47 130 519	624 263 817	208 872 882	-	12 980 815	492 105	1 220 853 431
Accumulated depreciation and impairment losses	-	(18 806 785)	(296 134 409)	(14 283 930)	-	(8 895 540)	(286 796)	(338 407 460)

**King Sabata Dalindyebo Municipality**  
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**7.1 Reconciliation of Carrying Value**

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
<b>as at 1 July 2009</b>	<b>326 994 793</b>	<b>31 328 986</b>	<b>253 421 571</b>	<b>15 273 442</b>	<b>-</b>	<b>1 020 106</b>	<b>402 151</b>	<b>628 441 048</b>
Cost/Revaluation	326 994 793	46 997 624	531 934 517	21 302 682	-	8 930 340	492 105	936 652 060
Accumulated depreciation and impairment losses	-	(15 668 638)	(278 512 945)	(6 029 240)	-	(7 910 234)	(89 954)	(308 211 012)
Acquisitions	-	45 807	10 768 013	187 570 200	-	1 177 675	-	199 561 695
Capital under Construction	-	-	11 318 513	-	-	-	-	11 318 513
Depreciation	-	(1 567 131)	(8 796 004)	(1 286 901)	-	(233 917)	(98 421)	(11 982 373)
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
<b>as at 30 June 2010</b>	<b>326 994 793</b>	<b>29 807 662</b>	<b>266 712 094</b>	<b>201 556 742</b>	<b>-</b>	<b>1 963 864</b>	<b>303 730</b>	<b>827 338 884</b>
Cost/Revaluation	326 994 793	47 043 430	554 021 043	208 872 882	-	10 108 015	492 105	1 147 532 268
Accumulated depreciation and impairment losses	-	(17 235 769)	(287 308 949)	(7 316 140)	-	(8 144 151)	(188 375)	(320 193 384)

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

**Note**

**8 INTANGIBLE ASSETS**

<b>8.1 Reconciliation of carrying value</b>	<b>Computer Software R</b>
<b>as at 1 July 2010</b>	<b>509 090</b>
Cost	1 350 491
Accumulated amortisation and impairment losses	(859 985)
Acquisitions	23 565
Amortisation	(123 920)
Carrying value of disposals	
Cost	-
Accumulated amortisation	-
Impairment loss/Reversal of impairment loss	-
Transfers	-
Other movements	-
<b>as at 30 June 2011</b>	<b>390 151</b>
Cost	1 374 056
Accumulated amortisation and impairment losses	(983 905)

<b>8.1 Reconciliation of carrying value</b>	<b>Computer Software R</b>
<b>as at 1 July 2009</b>	<b>134 792</b>
Cost	928 338
Accumulated amortisation and impairment losses	(793 546)
Acquisitions	422 153
Amortisation	(66 439)
Carrying value of disposals	
Cost	-
Accumulated amortisation	-
Impairment loss/Reversal of impairment loss	-
Transfers	-
Other movements	-
<b>as at 30 June 2010</b>	<b>509 090</b>
Cost	1 350 491
Accumulated amortisation and impairment losses	(859 985)



**King Sabata Dalindyebo Municipality**  
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**Note**

**9 INVESTMENT PROPERTY CARRIED AT FAIR VALUE**

**9.1 Reconciliation of fair value**

	Investment property R	Total R
<b>as at 1 July 2010</b>	<b>58 714 784</b>	<b>58 714 784</b>
Acquisitions	-	-
Fair value adjustment	(16 863 353)	(16 863 353)
Fair value of disposals	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
<b>as at 30 June 2011</b>	<b>41 851 431</b>	<b>41 851 431</b>

**9.2 Reconciliation of fair value**

	Investment property R	Total R
<b>as at 1 July 2009</b>	<b>58 714 784</b>	<b>58 714 784</b>
Transfer from PPE	-	-
Fair value adjustment	-	-
Fair value of disposals	-	-
Impairment loss/Reversal of impairment loss	-	-
Transfers	-	-
Other movements	-	-
<b>as at 30 June 2010</b>	<b>58 714 784</b>	<b>58 714 784</b>

The municipality has the following types of Investment properties

- Municipal Land with commercial improvements	53 480 784
The municipality has long term lease agreements of land where improvements are effected by investors for commercial purposes	
- Leased business properties	5 234 000
These are properties leased to business owners at market related rentals	

These properties were valued for the first time in 2009 at their fair market value and subsequently valued at the end of 2011 at their Fair market value.

**9.3 Rental income from investment property**

Lease of commercial land, residential and business properties	8 181 442	7 079 885
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**Details of valuation**

The effective date of the revaluations was 30 Jun 2011. Revaluations were performed by an independent valuer, Mr KA Boateng, of Messrs Kanyisa Property Management Services. Kanyisa Property Management Services are not connected to the entity and have recent experience in location and category of the investment property being valued. The valuation was based on open market value for existing use.

**King Sabata Dalindyebo Municipality**  
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	Note	2011 R	2010 R
<b>10 NON-CURRENT ASSETS HELD FOR SALE</b>			
Current Liabilities		10 166 232	10 166 232
		<b>10 166 232</b>	<b>10 166 232</b>
<p><i>The Water and Sanitation function was transferred to the district municipality in 2003 in terms of s78 of Systems act. The transfer was not effected accurately in the accounting records as it was not possible to confirm balances until this financial year end. Confirmation has now been received from DWAF on the balance outstanding in their books. KSD has requested the balance to be written off as it should have been transferred when the function was transferred in 2003.</i></p>			
<b>11 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>			
Trade creditors		37 743 005	30 365 395
Accruals		18 562 107	(939 255)
Insurance Claims		2 097 936	1 365 402
Other Creditors		27 290	15 973
Unclaimed Group Life Assurance		1 925 534	1 856 232
Payments Received in advance		1 075 999	1 075 999
Prepaid Electricity received in advance		1 614 524	1 797 355
UIF - Councillors		2 160 532	1 896 611
Other Deposits		2 105 498	1 880 933
Unknown deposits		2 378 520	(81 890)
Staff Accrued Leave		17 052 814	15 244 270
Trade and other payables from exchange transactions - credit balances		13 584 267	-
Discounting of trade creditors		(1 354 337)	-
<b>Total creditors</b>		<b>98 973 688</b>	<b>54 477 025</b>
<p>The fair value of trade and other payables approximates their carrying amounts.</p>			
<b>12 CONSUMER DEPOSITS</b>			
Electricity		1 294 136	947 933
<b>Total consumer deposits</b>		<b>1 294 136</b>	<b>947 933</b>
<p>No interest accrues on consumer deposits as King Sabata Dalindyebo Municipality is not a deposits-taking organisation in terms of the Banking Act.</p>			
<b>13 VAT RECEIVABLE</b>			
VAT receivable		42 306 167	37 734 784
<p>The municipality is registered for VAT on a payments basis</p>			

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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<b>14 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>	<b>2011 R</b>	<b>2010 R</b>
<b>14.1 Unspent Conditional Grants from other spheres of Government</b>		
National- Mqanduli Milling Project Grant	(45 831)	843 895
National: Department of Housing	2 509 571	4 380 997
National: Financial Management Grant	1 495 227	860 454
National: Municipal Infrastructure Grant	(7 356 059)	2 969 456
National: National Electrification Grant (NER)	(0)	16 602 036
National: Department of Energy - Electrification Project	17 160 284	-
Provincial: Department Of Transport Taxi Rank	8 308 789	8 308 789
Provincial: Disaster Management Grant	3 611 599	3 654 736
Provincial: Intervention grant	1 008 672	1 009 360
Provincial: MTAB Grant	2 509 715	2 509 715
Provincial: Mthatha Stadium	10 935 622	24 142 588
Provincial: Municipal Support Grant (MSP)	143 584	143 584
Provincial: Municipal Systems Improvement Grant	47 970	518 011
Provincial: Fire Station Refurbishment	3 313 824	3 347 663
Provincial: Organogram	736 539	736 539
Provincial: Full Maintenance Lease	4 200 000	4 200 000
Provincial: Urban Renewal Grant	14 713 677	15 292 617
Equitable Share	21 527	3 225 234
Performance management Systems	80 000	-
KSD Elections - Road maintenance	540 650	-
Provincial: Nduli Nature reserve	104 740	101 343
Provincial: I.D.P	14 109	827 043
Provincial: Uphuhliso lwethu	994 307	-
Provincial: Khuphukani Cluster Project	1 584 763	-
Provincial: Rural Planning & Survey	449 250	-
Provincial: Light the Pilot	501 360	-
National: Municipal Finance Assistance Grant	711 168	-
National: Grant Admin Development	430 000	-
<b>Total Unspent Conditional Grants and Receipts</b>	<b>68 725 057</b>	<b>93 674 060</b>
See Note 23 for reconciliation of grants and receipts. These amounts are invested in ring-fenced investment until utilised.		
<b>15 BORROWINGS</b>		
Local Registered Stock Loans - PIC Loan	43 299 142	47 416 635
Hire Purchase Agreement	347 671	429 853
Annuity Loans	13 939 014	8 354 079
	<b>57 585 827</b>	<b>56 200 567</b>
<b>Less : Current portion transferred to current liabilities</b>	<b>5 483 826</b>	<b>4 815 281</b>
Local Registered Stock Loans	4 453 480	4 082 740
Hire Purchase Agreement - ABSA	90 337	81 727
Annuity Loans - DBSA	940 009	650 814
<b>Total borrowings</b>	<b>52 102 001</b>	<b>51 385 286</b>
Refer to Appendix A for more detail on borrowings.		

KSD cedes to PIC in securitatem debiti rights in the municipal building of the KSD situated at Erf 9441, 47 to 49 Sutherland street, Mthatha, measuring 8 309 square meters

The PIC loan is redeemable in December 2018 and the borrowing rate is 8%.

The DBSA loan 10875 is redeemable in March 2018 and the borrowing rate is 8%.

The DBSA loan 13335 is redeemable in December 2020 and the borrowing rate is based on the JIBAR rate.

The DBSA loan 103877 is redeemable in December 2026 and the borrowing rate is 6.75%.

**King Sabata Dalindyebo Municipality**  
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**16 FINANCE LEASE LIABILITY**

2011	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
<b>Amounts payable under finance leases</b>			
Within one year	118 054	27 717	90 337
Within two to five years	276 501	19 168	257 334
	<u>394 556</u>	<u>46 885</u>	<u>257 334</u>
Amount due for settlement within 12 months (current portion)			<u>90 337</u>
			<u><b>347 671</b></u>

The average lease term is 5 years and the average effective borrowing rate is prime less 1,5%. Obligations under finance leases are secured by the lessor's title to the leased asset.

2010	Minimum lease payment R	Future finance charges R	Present value of minimum lease payments R
<b>Amounts payable under finance leases</b>			
Within one year	121 057	39 330	81 727
Within two to five years	400 313	52 185	348 128
	<u>521 370</u>	<u>91 515</u>	<u>348 128</u>
Amount due for settlement within 12 months (current portion)			<u>81 727</u>
			<u><b>429 855</b></u>

The average lease term is 5 years and the average effective borrowing rate is prime less 1,5%. Obligations under finance leases are secured by the lessor's title to the leased asset.

**17 PROVISIONS**

**Provision for landfill rehabilitation**

	2011 R	2010 R
Opening balance	23 313 578	23 565 109
Expenditure Incurred	(3 188 861)	(1 901 088)
Adjustments to Provision for Landfill rehabilitation - Incl Interest	1 631 950	1 649 558
Closing Balance	<u><b>21 756 668</b></u>	<u><b>23 313 578</b></u>

The obligation results from the onus imposed by the Environmental Conservation Act No.73 of 1989 to rehabilitate landfill sites after use.

This process is expected to take place over the course of the next 9 to 10 years after which the site is expected to be fully rehabilitated. The following assumptions were used when calculating the provisions for Landfill Site rehabilitation:

- Interest rate of 7 % used as this is the rate at which the institution incurs borrowing costs

**18 PROPERTY RATES**

**Actual**

Residential	35 544 084	39 948 894
Commercial	37 381 524	32 949 750
Light Industries	207 114	2 439 162
State	49 456 536	41 878 490
<b>Total property rates</b>	<u><b>122 589 258</b></u>	<u><b>117 216 295</b></u>

**Valuations**

Residential	3 787 177 500	3 781 514 000
Commercial	2 785 656 000	2 507 672 000
Agricultural	11 002 000	6 203 000
State	889 663 500	814 926 000
Exempted properties	-	2 554 000
Municipal	431 944 500	342 268 500
PSI	-	3 265 500
Open spaces	31 187 500	2 594 500
Places of Public Worship	73 100 500	51 918 000
Public Benefit Organisations	4 302 000	6 883 000
Vacant Land	337 216 000	159 128 500
Schools	553 168 500	405 366 000
<b>Total Property Valuations</b>	<u><b>8 904 418 000</b></u>	<u><b>8 084 293 000</b></u>

**King Sabata Dalindyebo Municipality**  
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Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2009. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations.

A general rate of 0.85 c/R, 1.69 c/R, 2.33 c/R; 0.85 c/R and 1.69 c/R is applied during 2010/2011 to property valuations to determine assessment rates for domestic, commercial, state, agricultural and public service infrastructure respectively. The general rate of 0.80 c/R, 1.60 c/R, 2.20 c/R; 0.80 c/R and 1.60 c/R was applied during 2009/2010.

Rates are levied on an annual basis with the final date of payment being 30 November 2010 for state and other commercial ratepayers and residential customers are levied on a monthly basis. Interest at prime plus 1% per annum is levied on outstanding rates.

**19 SERVICE CHARGES**

Sale of electricity  
Refuse removal  
Finance cost relating to discounting of trade receivables  
**Total Service Charges**

2011 R	2010 R
187 942 697	153 871 829
20 075 479	16 922 379
(2 092 541)	-
<b>205 925 635</b>	<b>170 794 208</b>

**20 RENTAL OF FACILITIES AND EQUIPMENT**

Rental of facilities  
Rental of equipment  
Rentals - lease on land  
Rentals of office space  
Rental of houses  
**Total rentals**

402 048	392 997
842 398	801 098
793 059	296 276
2 849 689	2 650 122
7 388 384	6 783 609
<b>12 275 577</b>	<b>10 924 103</b>

**21 INTEREST EARNED - EXTERNAL INVESTMENTS**

Bank  
**Total interest**

7 016 608	8 538 455
<b>7 016 608</b>	<b>8 538 455</b>

**22 INTEREST EARNED - OUTSTANDING RECEIVABLES**

Outstanding Debtors  
Finance cost relating to discounting of trade receivables  
**Total interest**

21 961 875	23 382 824
137 367	-
<b>22 099 242</b>	<b>23 382 824</b>

**23 GOVERNMENT GRANTS AND SUBSIDIES RECEIVED AND SPENT**

**Capital Grants**

National- Mqanduli Milling Project Grant  
National: Department of Housing and Local Government Grant  
National: Municipal Infrastructure Grant  
National: National Electrification Grant (NER)  
National: NDPG  
Provincial: Department Of Transport Taxi Rank  
Provincial: MTAB Grant  
Provincial: Mthatha Stadium  
Provincial: Full Maintenance Lease

<b>62 576 331</b>	<b>166 151 117</b>
-	-
-	-
30 742 485	29 705 368
-	-
18 626 880	19 098 010
-	-
-	-
13 206 966	117 347 739
-	-
-	-

**King Sabata Dalindyebo Municipality**  
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	2011 R	2010 R
<b>Operational Grants</b>	<b>147 887 803</b>	<b>127 257 594</b>
Provincial: General Valuation	-	-
Provincial: Disaster Management Grant	43 137	320 414
Provincial: Municipal Support Grant (MSP)	-	412 038
Provincial: Municipal Systems Improvement Grant	1 220 041	1 456 536
Provincial: Fire Station Refurbishment	37 995	22 628
National: Equitable share	127 857 657	100 940 104
National: Financial Management Grant	565 228	929 526
Provincial: Capacity Building	-	1 490 579
National: MIG Operating expenditure	-	3 720 214
Grant Income - Nduli Nature Reserve	246 489	351 056
Grant - Rehabilitation	-	382 957
Grant - YAC Point Umsobomvu	-	330 897
Grant income - HIV & Aids	-	(14 837)
Grant Income - Municipal Community Partnership	-	384 692
Grant income - Light the pilot media	122 866	375 774
Grant income - Khuphukani cluster project	155 237	-
Grant income - NER	7 442 119	1 036 052
MSIG Stadium grant	-	(735 000)
Grant income - Finance Management Assistance	788 832	-
Grant Income - Mqanduli Milling Project Grant	889 726	-
Grant Income - Uphuhiso lwethu	5 693	-
Grant Income - KSD Elections - Road maintenance	1 459 350	-
Grant Income - Rural Planning & Survey	387 500	-
Organogram Development	-	263 461
DEDEA Cleaning project	-	924 399
IDP Grant Fund	812 934	-
Implementation Capacity to URP	-	924 310
Institutionalisation of Sustainable KSD Master Plan	-	2 025 000
Primary Health Subsidy - Department of Health	5 853 000	11 716 795
<b>Total Government Grant and Subsidies</b>	<b>210 464 135</b>	<b>293 408 711</b>
<b>RECONCILIATION OF GOVERNMENT GRANTS</b>	<b>2011</b>	<b>2010</b>
<b>CONDITIONAL GRANTS - CAPITAL</b>	<b>R</b>	<b>R</b>
<b>23.1 National- Mqanduli Milling Project Grant</b>		
<b>Balance unspent at beginning of year</b>	843 895	843 895
Current year receipts	-	-
Conditions met - transferred to revenue	(889 726)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>(45 831)</b>	<b>843 895</b>
<b>23.2 National: Department of Housing and Local Government Grant</b>		
<b>Balance unspent at beginning of year</b>	4 380 997	3 322 050
Current year receipts	-	28 483 063
Conditions met - transferred to revenue	(1 871 302)	(27 424 116)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>2 509 695</b>	<b>4 380 997</b>
<b>23.3 National: Municipal Infrastructure Grant</b>		
<b>Balance unspent at beginning of year</b>	2 969 456	2 604 096
Current year receipts	20 417 000	31 426 383
Conditions met - transferred to revenue	(30 742 515)	(31 061 023)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>(7 356 059)</b>	<b>2 969 456</b>
<b>23.4 National: National Energy Regulator (NER)</b>		
<b>Balance unspent at beginning of year</b>	16 602 036	1 638 784
Current year receipts	-	16 000 000
Conditions met - transferred to revenue	(16 602 036)	(1 036 748)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>(0)</b>	<b>16 602 036</b>

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	2011 R	2010 R
<b>23.5 National: National of Energy - Electrification Project</b>		
Balance unspent at beginning of year	-	-
Current year receipts	23 584 368	-
Conditions met - transferred to revenue	(6 424 084)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>17 160 284</b>	<b>-</b>
<b>23.6 Provincial: Urban Renewal Grant</b>		
Balance unspent at beginning of year	15 292 617	13 881 659
Current year receipts	18 048 000	23 450 000
Conditions met - transferred to revenue	(18 626 940)	(22 039 042)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>14 713 677</b>	<b>15 292 617</b>
<b>23.7 Provincial: Department Of Transport Taxi Rank</b>		
Balance unspent at beginning of year	8 308 789	8 308 789
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>8 308 789</b>	<b>8 308 789</b>
<b>23.8 Provincial: MTAB Grant</b>		
Balance unspent at beginning of year	2 509 715	3 296 443
Current year receipts	-	50 930
Conditions met - transferred to revenue	-	(837 657)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>2 509 715</b>	<b>2 509 715</b>
<b>23.9 Provincial: Mthatha Stadium</b>		
Balance unspent at beginning of year	24 142 588	21 281 583
Current year receipts	-	120 000 000
Conditions met - transferred to revenue	(13 206 966)	(117 138 994)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>10 935 622</b>	<b>24 142 588</b>
<b>23.10 Provincial: Full Maintenance Lease</b>		
Balance unspent at beginning of year	4 200 000	4 200 000
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>4 200 000</b>	<b>4 200 000</b>
<b>23.11 Provincial: Disaster Management Grant</b>		
Balance unspent at beginning of year	3 654 736	3 862 650
Current year receipts	-	112 500
Conditions met - transferred to revenue	(43 137)	-320 414
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>3 611 599</b>	<b>3 654 736</b>
<b>23.12 Provincial: Intervention grant</b>		
Balance unspent at beginning of year	1 009 360	1 010 046
Current year receipts	-	-
Conditions met - transferred to revenue	(688)	(686)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>1 008 672</b>	<b>1 009 360</b>
<b>23.13 Provincial: Municipal Support Grant (MSP)</b>		
Balance unspent at beginning of year	143 584	555 622
Current year receipts	-	-
Conditions met - transferred to revenue	-	(412 038)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>143 584</b>	<b>143 584</b>

**King Sabata Dalindyebo Municipality**  
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	2011 R	2010 R
<b>23.14 Provincial: Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	518 011	713 306
Current year receipts	750 000	-
Conditions met - transferred to revenue	(1 220 041)	(195 296)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>47 970</b>	<b>518 011</b>
<b>23.15 Provincial: Fire Station Refurbishment</b>		
Balance unspent at beginning of year	3 347 663	3 347 663
Current year receipts	-	-
Conditions met - transferred to revenue	(33 839)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>3 313 824</b>	<b>3 347 663</b>
<b>23.16 Provincial: Staff Establishment</b>		
Balance unspent at beginning of year	736 539	736 539
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>736 539</b>	<b>736 539</b>
<b>23.17 National: Equitable share</b>		
Balance unspent at beginning of year	-	-
Current year receipts	127 857 657	100 940 104
Conditions met - transferred to revenue	(127 857 657)	(100 940 104)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>-</b>	<b>-</b>
<b>23.18 National: Financial Management Grant</b>		
Balance unspent at beginning of year	860 454	549 590
Current year receipts	1 200 000	1 250 000
Conditions met - transferred to revenue	(565 228)	(939 136)
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>1 495 227</b>	<b>860 454</b>
<b>23.19 Provincial: Performance Management Systems</b>		
Balance unspent at beginning of year	-	-
Current year receipts	80 000	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>80 000</b>	<b>-</b>
<b>23.20 Provincial: KSD Elections - Road Maintenance</b>		
Balance unspent at beginning of year	-	-
Current year receipts	2 000 000	-
Conditions met - transferred to revenue	(1 459 350)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>540 650</b>	<b>-</b>
<b>23.21 Provincial: Nduli Nature Reserve</b>		
Balance unspent at beginning of year	101 343	101 343
Current year receipts	3 397	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>104 740</b>	<b>101 343</b>
<b>23.22 Provincial: Integrated Development Plan</b>		
Balance unspent at beginning of year	827 043	827 043
Current year receipts	-	-
Conditions met - transferred to revenue	(812 934)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>14 109</b>	<b>827 043</b>
<b>23.23 Provincial: Uphuhliso lwethu</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 000 000	-
Conditions met - transferred to revenue	(5 693)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>994 307</b>	<b>-</b>



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	2011 R	2010 R
<b>23.24 Provincial: Khuphukani Cluster Project</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 740 000	-
Conditions met - transferred to revenue	(155 237)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>1 584 763</b>	-
<b>23.25 Provincial: Rural Planning and Survey</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 266 750	-
Conditions met - transferred to revenue	(817 500)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>449 250</b>	-
<b>23.26 Provincial: Light the Pilot</b>		
Balance unspent at beginning of year	-	-
Current year receipts	624 226	-
Conditions met - transferred to revenue	(122 866)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>501 360</b>	-
<b>23.27 National : Municipal Finance Assistance Grant</b>		
Balance unspent at beginning of year	-	-
Current year receipts	1 500 000	-
Conditions met - transferred to revenue	(788 832)	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>711 168</b>	-
<b>23.28 National: Administration Development</b>		
Balance unspent at beginning of year	-	-
Current year receipts	430 000	-
Conditions met - transferred to revenue	-	-
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>430 000</b>	-
<b>23.29 National: IGG</b>		
Balance unspent at beginning of year	3 225 233	3 165 234
Current year receipts	-	14 837
Transfers	(3 203 830)	45 162
<b>Conditions still to be met - remain liabilities (see note 14)</b>	<b>21 403</b>	<b>3 225 233</b>
<b>24 OTHER INCOME</b>		
Sundry Fees	472 642	462 312
Fire Brigade Fees	2 491 426	2 395 624
Vehicle examination - Road worthy Fees	1 794 788	1 389 570
Building plan approvals	986 533	590 011
Disconnection: Illegal connections	243 449	221 712
Call out revenue	13 732	50 849
New connections for electricity	332 322	260 485
Sundry revenue	178 939	709 648
Tender fees	171 000	220 700
Meter testing	749 302	712 425
Pound Fees	24 211	28 285
Insurance claims	744 484	20 000
<b>Total Other Income</b>	<b>8 202 827</b>	<b>7 061 621</b>
<b>25 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	117 443 883	106 462 502
Employee related costs - Contributions for UIF, pensions and medical aids	39 074 003	35 971 529
Travel, motor car, accommodation, subsistence and other allowances	15 984 414	15 006 535
Housing benefits and allowances	12 212 442	11 499 913
Overtime payments	6 594 289	6 472 665
Performance and other bonuses	31 887	30 006
Long-service awards	2 801 584	2 365 151
Workmens Compensation	2 646 381	1 640 601
Skills development levy	2 079 033	1 550 814
<b>Total Employee Related Costs</b>	<b>198 867 916</b>	<b>180 999 718</b>

**King Sabata Dalindyebo Municipality**  
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**Remuneration of the Municipal Manager**

	2011 R	2010 R
Annual Remuneration	1 098 936	804 000
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	189 600	91 000
Contributions to UIF, Medical and Pension Funds	3 293	1 497
<b>Total</b>	<b>1 291 829</b>	<b>896 497</b>

**Remuneration of the Chief Finance Officer**

	2011 R	2010 R
Annual Remuneration	756 664	704 000
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	37 288	42 600
Contributions to UIF, Medical and Pension Funds	3 223	1 497
<b>Total</b>	<b>797 174</b>	<b>748 097</b>

**Remuneration of Individual Directors**

(Appointed in August 2009)

**2011**

	Technical Services R	Corporate Services R	Community Services R
Annual Remuneration	-	182 450	693 750
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	-	147 457	21 783
Contributions to UIF, Medical and Pension Funds	-	499	2 679
<b>Total</b>	<b>-</b>	<b>330 406</b>	<b>718 212</b>

**2011**

	Public Safety R	Local Economic Development R	Urban Renewal R
Annual Remuneration	575 315	693 750	723 894
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	157 234	9 600	70 036
Contributions to UIF, Medical and Pension Funds	2 696	2 679	2 909
<b>Total</b>	<b>735 245</b>	<b>706 029</b>	<b>796 840</b>

**2010**

	Technical Services R	Corporate Services R	Community Services R
Annual Remuneration	505 000	481 113	561 532
Performance- and other bonuses	-	-	-
Travel, motor car, accommodation, subsistence and other allowances	136 876	110 934	14 340
Contributions to UIF, Medical and Pension Funds	1 497	1 373	1 373
<b>Total</b>	<b>643 373</b>	<b>593 420</b>	<b>577 245</b>

**2010**

	Public Safety R	Local Economic Development R
Annual Remuneration	521 167	537 500
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	82 052	28 989
Contributions to UIF, Medical and Pension Funds	1 373	1 248
<b>Total</b>	<b>604 591</b>	<b>567 737</b>

**King Sabata Dalindyebo Municipality**  
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**26 REMUNERATION OF COUNCILLORS**

Executive Mayor
Speaker
Executive Committee Members
Councillors
<b>Total Councillors' Remuneration</b>

2011 R	2010 R
611 467	623 811
510 085	449 312
2 047 453	3 798 505
15 560 085	10 953 407
<b>18 729 089</b>	<b>15 825 035</b>

**In-kind Benefits**

The Executive Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of the Council owned vehicle for official duties. The Executive Mayor has two full-time bodyguards.

**27 DEPRECIATION AND AMORTISATION EXPENSE**

Property, plant and equipment
Intangible assets
<b>Total Depreciation and Amortisation</b>

2011 R	2010 R
18 090 156	12 050 631
123 920	-
<b>18 214 076</b>	<b>12 050 631</b>

**28 FINANCE COSTS**

Borrowings
Overdue accounts
Discounting of trade and other payables
<b>Total Finance Costs</b>

4 774 723	5 037 470
285 930	4 759
3 578 449	-
<b>8 639 102</b>	<b>5 042 228</b>

**29 BULK PURCHASES**

Electricity
Finance cost relating to discounting of trade payables
<b>Total Bulk Purchases</b>

112 821 948	90 833 453
(2 352 391)	-
<b>110 469 557</b>	<b>90 833 453</b>

**30 CONTRACTED SERVICES**

Security Services
Finance cost relating to discounting of trade payables

5 670 799	3 055 449
(118 239)	-
<b>5 552 560</b>	<b>3 055 449</b>

**31 GRANTS AND SUBSIDIES PAID**

Grant Expenditure - Disaster Management Grant
Grant Expenditure - Financial Management Grant
Grant Expenditure - Municipal Support Programme
Grant Expenditure - Indigent Data Base Setup
Grant Expenditure - Capacity Building
Grant Expenditure - Staff Establishment
Grant Expenditure - Municipal Community Partnership
Grant Expenditure - Nduli Nature Reserve
Grant Expenditure - H.I.V
Grant Expenditure - DEDEA Cleaning project
Grant Expenditure - URP
Grant Expenditure - IDP Grant Fund
Grant Expenditure - RDP Housing
Grant Expenditure - Other
Grant Expenditure - KSD Mandla Mn
Grant Expenditure - Municipal Community
Grant Expenditure - Nduli Nature Reserve

42 912	325 413
565 228	940 727
-	412 038
-	335
-	1 490 579
-	263 462
(34 183)	-
(13 449)	-
-	45 160
135 225	303 724
885 381	654 448
790 374	272 957
-	-
(35 196)	246 610
1 146 379	930 296
30 645	425 117
79 319	365 935

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Grant Expenditure - DEDEA -Light the pilot media	95 916	375 774
Grant Expenditure - DEDEA - Khuphukani cluster p	144 183	-
Grant Expenditure - Mqanduli Milling Project	863 549	(6 420)
Grant Expenditure - Uphuhliso lwethu	167 603	-
Grant Expenditure - Municipal Finance Assistance	788 832	-
Grant Expenditure - Rural Planning & Survey	387 500	-
Grant Expenditure - KSD Elections	1 459 350	-
Public Expense - Elderly, Children, Disabled, Gender Equality, Youth, Sport	582 634	1 604 935
KSD Contribution - Grant	-	117 331
KSD Contribution - Ward Based Budgeting	3 089 036	3 308 047
KSD Contribution - Traditional Leaders	1 726 011	283 134
Council Ward Committee Meeting Incentive	1 480 248	936 297
Community Participation	2 598 655	1 065 794
Indigent Subsidy	2 301 386	3 792 380
Free Basic Electricity	2 084 437	665 174
Study Bursaries	(1 840)	70 590
	<b>21 360 135</b>	<b>18 755 526</b>

**32 GENERAL EXPENSES**

Included in general expenses are the following:-

	<b>2011</b>	<b>2010</b>
	<b>R</b>	<b>R</b>
Advertising	80 177	33 927
Audit fees	4 866 253	5 014 295
Bank charges	973 154	1 001 361
Base Camp campaign	-	1 212 337
Cleaning	972 410	2 141 766
Community development	845 186	1 250 324
Conferences and delegations	958 380	1 031 754
Consulting fees	6 847 722	3 126 259
Plastic Bags	947 724	1 372 680
Discount Allowed	680 304	571 441
Entertainment	623 937	204 485
Fuel and oil	1 284 562	1 137 187
Gas and Oxygen	31 156	22 173
Housing Inventory	11 193 000	-
Insurance	3 208 610	2 965 341
Legal expenses	9 867 891	9 659 529
Levies paid - SALGA	1 068 513	951 635
Leave Pay accrual	3 418 479	4 092 042
Licence fees	86 125	90 042
Other Expenses	6 821 310	2 447 116
Printing and stationery	1 920 238	1 568 708
Promotions and Sponsorship	277 486	656 539
Prodiba licence card fees	865 036	2 329 615
Recruitment Expenses	669 030	197 489
Rehabilitation of Site	(1 556 910)	(251 531)
Rental of buildings	439 270	369 642
Rental of office equipment	6 192 797	1 970 721
Rental of Vehicles	8 427 311	4 397 626
Municipal Service charges	1 742 407	11 879 970
Stocks and material	941 841	807 851
Software Expenses	-	34 279
Staff Welfare	117 639	146 328
Subscription & publication	1 783	17 255
Telephone cost	4 829 892	6 501 837
Training	1 008 459	798 145
Travel and subsistence	799 025	1 164 952
Uniforms & overalls	811 279	831 317
Vehicle Registration Fees	129 651	131 651
Valuation costs	3 415 325	201 056
Finance cost relating to discounting of trade payables	(1 789 105)	-
	<b>84 017 347</b>	<b>72 079 143</b>

**King Sabata Dalindyebo Municipality**  
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	2011 R	2010 R
<b>33 GAIN / (LOSS) ON SALE OF ASSETS</b>		
Property, plant and equipment	-	(254 231)
<b>Total Gain / (Loss) on Sale of Assets</b>	<b>-</b>	<b>(254 231)</b>
<b>34 PROFIT / (LOSS) ON FAIR VALUE ADJUSTMENT</b>		
Investment property carried at fair value	(16 863 353)	-
<b>Total Profit / (Loss) on Fair Value Adjustment</b>	<b>(16 863 353)</b>	<b>-</b>
<b>35 CASH GENERATED BY OPERATIONS</b>		
Surplus/(deficit) for the year	33 978 766	118 557 788
Adjustment for:-		
Depreciation and amortisation	18 214 076	12 050 631
(Gain) / loss on sale of assets	-	(254 231)
Finance costs	8 639 102	5 042 228
Interest earned	(29 115 849)	(31 921 279)
Debtors adjustments	1 247 146	8 897 139
Fair Value Adjustment on Investment Property	16 863 353	
Bad Debts	51 103 939	109 266 408
<b>Operating surplus before working capital changes:</b>	<b>100 930 533</b>	<b>221 638 686</b>
(Increase)/decrease in inventories	12 280 560	808 724
(Increase)/decrease in trade receivables	(64 608 897)	(24 617 597)
(Increase)/decrease in other receivables	2 586 313	3 405 394
(Increase)/decrease in VAT receivable	(4 571 383)	(17 103 508)
Increase/(decrease) in Unspent conditional grants and receipts	(24 949 003)	18 118 750
Increase/(decrease) in trade payables	44 496 663	(20 410 653)
(Decrease)/ increase in provisions	(1 556 910)	(251 531)
<b>Cash generated by/(utilised in) operations</b>	<b>64 607 877</b>	<b>181 588 264</b>
<b>35.1 CASH RECEIVED FROM CUSTOMERS AND GOVERNMENT</b>		
Total Revenue	600 649 808	644 454 369
Adjusted for non-cash items		
Adjusted for items presented separately		
- Interest received on investments	(7 016 608)	(8 538 455)
- Interest received other	(22 099 242)	(23 382 824)
Adjusted for changes in working capital		
- (Increase) / decrease in consumer debtors	(64 608 897)	(24 617 597)
- (Increase) / decrease in other debtors	2 586 313	3 405 394
- (Increase) / decrease in VAT receivable	(4 571 383)	(17 103 508)
	<b>504 939 993</b>	<b>574 217 378</b>
<b>35.2 CASH PAID TO SUPPLIERS AND EMPLOYEES</b>		
Total expenditure	(549 807 689)	(526 150 811)
Adjusted for non-cash items		
- Depreciation	18 214 076	12 050 631
- Bad debts	51 103 939	109 266 408
- Debtors adjustments	1 247 146	8 897 139
Adjusted for items presented separately		
- Interest paid	8 639 102	5 042 228
Adjusted for changes in working capital		
- (Increase) / decrease in creditors	44 496 663	(20 410 653)
- (Increase) / decrease in unspent conditional grants	(24 949 003)	18 118 750
- (Increase) / decrease in provisions	(1 556 910)	(251 531)
- Increase / (decrease) in inventory	12 280 560	808 724
	<b>(440 332 116)</b>	<b>(392 629 114)</b>

**King Sabata Dalindyebo Municipality**  
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**35.3 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash

Call Investment Deposits

**Net cash and cash equivalents (net of bank overdrafts)**

**2011  
R**

**2010  
R**

28 297 964

22 694 962

159 811 209

151 764 291

**188 109 174**

**174 459 253**

**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

**36 DISALLOWED**

**36.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance

1 477 478

Unauthorised expenditure current year

1 477 478

Approved by Council or condoned

-

Transfer to receivables for recovery

Unauthorised expenditure awaiting authorisation

**1 477 478**

**1 477 478**

Unauthorised expenditure in 2010 related to expenditure incurred in excess of the budgeted amount. This amount has not been approved by Council in 2011.

**36.2 Fruitless and wasteful expenditure**

Reconciliation of fruitless and wasteful expenditure

Opening balance -

760 025

571 274

Fruitless and wasteful expenditure current year

471 117

188 752

Condoned or written off by Council

Fruitless and wasteful expenditure awaiting condonement

**1 231 142**

**760 025**

The opening balance and prior year movement of Fruitless and wasteful expenditure have been stated to account for interest and penalties incurred on UIF for Councillors not yet paid.

**36.3 Irregular expenditure**

Reconciliation of irregular expenditure

Opening balance

51 313 009

2 482 746

Irregular expenditure current year

8 344 797

51 313 009

Condoned or written off by Council

-

(2 482 746)

Transfer to receivables for recovery – not condoned

-

-

Irregular expenditure awaiting condonement

**59 657 806**

**51 313 009**

The irregular expenditure relates to procurement of goods and services that were not in terms of the municipality's policies and procedures amounting to R6 275 450 and an overpayment of Councillors' Remuneration amounting to R2 069 347.46

**King Sabata Dalindyebo Municipality**  
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**ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE**

**37 MANAGEMENT ACT**

**37.1 Contributions to organised local government**

	<b>2011 R</b>	<b>2010 R</b>
Opening balance	-	
Council subscriptions	1 175 010	1 035 031
Amount paid - current	(1 175 010)	(1 035 031)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**37.2 Audit fees**

	<b>2011 R</b>	<b>2010 R</b>
Opening balance	-	
Current year audit fee	4 866 253	5 014 295
Amount paid - current year	(4 866 253)	(5 014 295)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**37.3 PAYE and UIF**

	<b>2011 R</b>	<b>2010 R</b>
Opening balance	-	
Current year payroll deductions	25 561 071	21 900 388
Amount paid - current year	(25 561 071)	(21 900 388)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**37.4 Pension and Medical Aid Deductions**

	<b>2011 R</b>	<b>2010 R</b>
Opening balance	-	
Current year payroll deductions and Council Contributions	52 928 608	48 323 175
Amount paid - current year	(52 928 608)	(48 323 175)
Amount paid - previous years		
<b>Balance unpaid (included in payables)</b>	<b>-</b>	<b>-</b>

**37.5 Material Losses**

During the 2011 financial year the municipality incurred distribution losses relating to electricity of 6.5%

**King Sabata Dalindyebo Municipality**  
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**37.6 Councillor's arrear consumer accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

	Total R	Outstanding less than 90 days R	Outstanding more than 90 days R
<b>as at 30 June 2011</b>			
<b>Previous Council</b>			
Councillor Ngcobo F.R.S	60 550	9 761	50 790
Councillor Mvusi O.G.	1 488	1 068	420
Councillor Mlandu S.N	16 562	13 699	2 863
Councillor Dawuwa S.S	2 611	1 966	645
Councillor Mzimane N	7 619	678	6 941
Councillor Soldati F N	22 950	1 533	21 417
Councillor Dawuwa S.S	1 979	1 491	489
Councillor Pierce Neil A/ Beryl	11 417	2 136	9 281
Councillor Nolwandle Alice Kwetana	2 819	(553)	3 372
Councillor Ngqongwa Nonkoliso	12 196	281	11 915
Councillor Lumkwana A.L.	16 435	2 317	14 118
Councillor Sangovana E M	3 897	79	3 818
Councillor Gwadiso J.P	17 193	1 683	15 510
Councillor Mlamli S.	6 996	148	6 847
Councillor Mantanga P N	2 479	59	2 421

**Newly Appointed Council - 6 June 2011**

Councillor Mzimane N	7 619	678	6 941
Councillor Dondashe W M	50 876	3 522	47 354
Councillor Kwetana N.A	2 819	(553)	3 372
Councillor Ngqongwa N	12 196	281	11 915
Councillor Nelani G.N	50 789	2 902	47 887
Councillor Gwadiso V O	12 827	288	12 538
Councillor Knock R	17 060	10 414	6 646
Councillor Nduku L.S	11 270	231	11 039
Councillor Siyakholwa M.	6 996	148	6 847
Councillor Mtna F.N	11 915	530	11 385
Councillor Mtirara M.T	6 181	1 785	4 396

**Total Councillor Arrear Consumer Accounts**

<b>377 738</b>	<b>56 572</b>	<b>321 166</b>
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**as at 30 June 2010**

Councillor Ngcobo F.R.S.	23 647	8 522	15 125
Councillor Mvusi OG	627	627	-
Councillor Mashiyi TB	1 415	1 415	-
Councillor Sobahle N	795	795	-
Councillor Dawuwa SS	522	522	-
Councillor Mzimane	12 359	1 137	11 222
Councillor Soldati F.N.	31 540	1 810	29 730
Councillor Pierce	13 704	1 956	11 748
Councillor Ngqongwa	8 369	218	8 151
Councillor Lumkwana A.L.	12 340	5 151	7 189
Councillor Gwadiso J.P.	10 622	2 131	8 491
Councillor Mlamli S	5 328	136	5 192

**Total Councillor Arrear Consumer Accounts**

<b>121 268</b>	<b>24 420</b>	<b>96 848</b>
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**King Sabata Dalindyebo Municipality**  
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**38 CAPITAL COMMITMENTS**

**38.1 Commitments in respect of capital expenditure**

**- Approved and contracted for**

Infrastructure

Community

**- Approved but not yet contracted for**

Infrastructure

Community

Other

**- Not approved and contracted projects**

Infrastructure

**Total**

This expenditure will be financed from:

- Government Grants

- Borrowing

- Own resources

2011 R	2010 R
<b>86 456 718</b>	<b>74 090 608</b>
86 456 718	18 606 925
-	55 483 683
<b>21 496 366</b>	<b>136 761 071</b>
21 496 366	114 745 759
-	19 718 348
-	2 296 964
86 286 354	
<b>194 239 439</b>	<b>210 851 679</b>
159 953 899	163 569 953
34 285 540	40 000 000
-	7 282 070
<b>194 239 439</b>	<b>210 852 023</b>

**39 RETIREMENT BENEFIT INFORMATION**

**39.1 Defined contribution plans**

The municipality only contributes to provides 2 types of Post Retirement benefits to its employees. These being in the case of retired employees for which a contribution is still made to their medical aid funds as well as Life insurance policies. In terms of the principles from IAS 19 these contributions are seen as contributions to a Defined Contribution Plan.

**Contributions paid during the year**

Defined Contribution plan - Medical Aid Contributions

Defined Contribution plan - Life Insurance

2011 R	2010 R
494 153	314 540
51 504	56 783
<b>545 657</b>	<b>371 323</b>

**40 CONTINGENT LIABILITY**

The Council envisage the following potential liabilities in the form of various litigation and arbitration cases:

- Court cases - Claims against Municipality:

2011 R	2010 R
412 623 000	6 614 000
<b>412 623 000</b>	<b>6 614 000</b>

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<b>Nature of case</b>	<b>Name of institution</b>	<b>Amount per legal confirmation</b>	
Eviction of Municipal Employees at Mamela Taxi Rank	Sisa Mamfitha	R	100 000
Claim for professional services rendered, Stadium , infrastructure services and Roads adjacent to Stadium site.	UWP Engineers	R	300 000
Claim against unfair dismissal	KA Velebhayi	R	100 000
Claim for damages	T . Maraule		
Claim for unlawful arrest, detention, contumelia, pain, suffering and emotional shock	P.Sijaji	R	50 000
Claim for unlawful arrest, detention, contumelia, pain, suffering and emotional shock	Kwaza S	R	10 000
Claim for unlawful arrest, detention, contumelia, pain, suffering and emotional shock	Lukrozo N	R	10 000
Monies due to Municipality for Electricity Vending Machine	Ntumang Trading Enterprise		
Claim shortage of Salary on Gr 3 from Sept 2009	F.Hintsa	R	30 000
Claim Fees on VAT audit conducted	Ilitha Ielizwe Consult.	R	100 000
Claim Fees on VAT audit conducted	Maxprof	R	100 000
Claim damages against municipality as a result of disconnection of electricity	M. Mqgweto	R	100 000
Attorney put in interdict for restoring of electricity.	N.O Mankanku	R	140 000
Claims to conduct and complete the development in terms of the lease agreement on a land.	African Bulk Earthworks	R	400 000 000
A fraud case arising out of a claim by two service providers who both claim to have performed the same work	Intsimi yemfene Trading	R	200 000
Claim for services rendered - S & F is also claiming for these services	S&F Electrical - Claim for services	R	-
Rental dispute based on valuation roll	Four Seasons	R	-
Concilers had taken the Municipality to court over salary deductions	V Kraai	R	-
Concilers had taken the Municipality to court over salary deductions	N. Mda	R	-
Concilers had taken the Municipality to court over salary deductions	M.Maelana	R	-
Concilers had taken the Municipality to court over salary deductions	B.Pierce	R	-
Concilers had taken the Municipality to court over salary deductions	N. Godolo	R	-
Claim for child run over by Municipal Truck	Tozama Zifo	R	-
Land claim, some of the issues raised by order are not favourable to the Municipality.	Kwalindile Land Claim	R	-
Ncediswa sues as a mother and natural guardian of P. Tshuta a 11 year old girl	N. Tshuta	R	1 700 000
Ncediswa sues herein in her personal capacity and as a mother and natural guardian of P. Tshuta a 11 year old girl	Z. Mgozane	R	7 400 000
Claim for damages. Assault arrest & unlawful detention	N. Semane	R	100 000
She applied for information pertaining to billing of rates according to tariffs used by Municipality- access of information act	N. Jafta	R	-
Encroachment of her property by neighbour	M. Mcubuse	R	-
Application against the disconnection of electricity for tampering since 2002	B. Dzamela	R	-
Mthonyama's vehicle was damaged in Municipal custody	M. Mthonyama	R	-
Claim for damages and injuries - a tree fallen over a person	M. Zwelethu	R	-
Over Time claim	L Siyango	R	100 000
Claim for alleged damages for not complying with court order dated 08 February 2006	Ivory Coach lines	R	200 000
Claim for services rendered ( Alleged inflated prices)	Disaster instance	R	600 000
Default payment	S. Nonyongo		
Electricity disconnection and dispute against the rates	N. Mntanga & N . Futshane two cases	R	600 000
fraud case arising out of a claim by two service providers who both claim to have performed the same work	S&F Electrical	R	150 000
Dispute against the unpaid amount for services rendered- Construction of Vehicle Testing Centre	Mpumalanga constr.	R	35 000
Incorrect allocation of House	N. Henge	R	23 000
Unlawful confiscation of Driver's License by Traffic officers	B. Makade	R	85 000
Claim for damages, assault by Municipal Law Enforcement Officers	Z.E Sapheni	R	70 000
Claim for damages, assault by Municipal Law Enforcement Officers	P. Senti	R	-
Assault by traffic to Motorist	J Bhawuti & Sityebi	R	-
Advocate involved in this matter, not a case	Councillor Kunju	R	150 000
Claim for damages motor vehicle as electricity pole to fall on applicants vehicle as a result from accident	Nongauza	R	50 000
Claim for damages motor vehicle as electricity pole to fall on applicants vehicle as a result from accident	K N Gqedayi	R	50 000
Claim for assault by Law enforcement officer to Motorist	M . Sifuba	R	70 000
		<b>R</b>	<b>412 623 000</b>

**King Sabata Dalindyebo Municipality**  
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The municipality is currently defending all these cases  
Some of the cases are in their final stages and rulings may be made in the next few months  
At this stage the probability of being liable for these claims is remote, pending the outcome of the court rulings.

#### **41 IN-KIND DONATIONS AND ASSISTANCE**

The Municipality received the following in-kind donations and assistance

**Description**

The Chief Financial Officer resigned in April 2011, The Eastern Cape Provincial Treasury seconded a chartered accountant to be the Interim Chief Financial Officer in late April 2011.

#### **42 RELATED PARTIES**

Members of key management  
Close family members of key management  
Compensation to councillors and other key management (refer to note 25 and 26)

**Related party balances**

Loan accounts - Owing (to) by related parties  
There are currently no loans made to related parties

Amounts included in Trade receivable (Trade payable) regarding related parties  
Refer to note 37 on councillor's arrear consumer accounts

**Related party transactions**

There were no related party transactions identified in the current year under review

#### **43 EVENTS AFTER THE REPORTING DATE**

No events have been identified after the reporting date which could have a material impact on the Annual Financial Statements.

#### **44 RISK MANAGEMENT**

##### **44.1 Maximum credit risk exposure**

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors.  
The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Financial assets exposed to credit risk at year end were as follows:

MeegBank - Call deposit	-	10 000 000
Trade and other receivables	69 497 434	68 868 715

These balances represent the maximum exposure to credit risk.

In the 2008/9 financial year, the municipality was exposed to a guarantee for the overdraft facilities of R14,5 million issued in favour of the Meeg Bank. The Munitata Building was ceded to the bank as security for the overdraft facility.

The overdraft facility was not renewed in the 2009/10 financial year. ABSA bank was requested to cancel the cession of the building as security for the overdraft facility

Trade receivables comprise a widespread customer base. The highest risk lies with outstanding accounts for households

Risk is managed over these account holders by following up on outstanding accounts. This is done by sending letters of warning.  
Subsequently, long outstanding debtors are handed over for debt collection.

**King Sabata Dalindyebo Municipality**  
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#### 44.2 Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	One month and not later than three months	Later than three months and not later than one year
<b>2011</b>		
Gross finance lease obligations	29 514	88 540
Borrowings	210 061	5 183 428
Trade and other payables	56 305 111	26 663 590
Unearned finance charges	275 047	4 493 504
	Later than one year and not later than five years	Later than five years
<b>2011</b>		
Gross finance lease obligations	276 501	-
Borrowings	31 997 453	17 355 063
Trade and other payables	-	-
Unearned finance charges	12 995 122	2 137 026
	One month and not later than three months	Later than three months and not later than one year
<b>2010</b>		
Gross finance lease obligations	19 591	29 572
Borrowings	181 592	580 227
Trade and other payables	1 078 244	31 574 538
Unearned finance charges	275 047	4 493 504
	Later than one year and not later than five years	Later than five years
<b>2010</b>		
Gross finance lease obligations	348 128	-
Borrowings	31 997 455	17 355 063
Trade and other payables	-	-
Unearned finance charges	12 995 122	2 137 026

#### 44.3 Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

Interest rate risk is managed by investing any surplus funds into high yield investments.

The resultant interest earned is likely to offset interest paid as both are linked to prime rates.

At year end, financial instruments exposed to interest rate risk were as follows:

- Call deposits
- Notice deposits
- PIC Loan
- Development Bank of South Africa loan
- Meeg/ABSA lease

<b>2011</b>	<b>2010</b>
<b>R</b>	<b>R</b>
150 394 642	130 219 387
9 416 568	21 544 904
43 299 142	47 416 635
13 939 014	8 354 079
347 671	429 853

#### 44.4 Other price risk

The municipality is subject to changes in electricity prices.

This specific price risk is managed by increasing the electricity Rates in line with the NERSA requirements on an annual basis.

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**45 PRIOR PERIOD ERRORS**

The following account balances and classes of transactions have been restated due to errors identified within the 2010 annual financial statement figures reported previously. Explanatory notes have been provided regarding the nature and effect of the errors corrected.

	NOTE	Previously reported DT/(CT)	Adjustment	Restated DT/(CT)
<b>Statement of Financial Position:</b>				
Cash and cash equivalents	45.1	22 259 965	434 997	22 694 962
Trade and other receivables from exchange transactions	45.2	165 154 233	(96 285 517)	68 868 715
Other receivables from non-exchange transactions	45.3	8 971 529	(6 159 340)	2 812 026
Inventories	45.4	31 256 841	56 449 676	87 706 517
Call Investment Deposits	45.5	151 314 489	449 802	151 764 291
VAT receivable	45.6	35 351 536	2 383 248	37 734 784
Property, plant and equipment	45.7	638 607 106	188 731 779	827 338 886
Intangible assets		568 875	(59 786)	509 090
Investment property carried at fair value		31 783 013	26 931 771	58 714 784
Trade and other payables from exchange transactions	45.10	(42 356 979)	(12 120 046)	(54 477 025)
Unspent conditional grants and receipts	45.11	(106 031 871)	12 357 810	(93 674 060)
Non-current borrowings	45.12	(51 077 815)	40 654	(51 037 160)
Provisions	45.13	-	(23 313 578)	(23 313 578)
<b>Statement of Financial Performance</b>				
Service charges	45.14	(170 480 353)	(313 855)	(170 794 208)
Interest earned - external investments	45.15	(2 366 648)	(6 171 808)	(8 538 455)
Licences and permits	45.16	(11 913 647)	591 736	(11 321 912)
Government grants and subsidies - Operating	45.17	(122 175 595)	(5 081 999)	(127 257 594)
Government grants and subsidies - Capital	45.18	(167 355 870)	1 204 754	(166 151 117)
Other income	45.19	(5 855 617)	(1 206 004)	(7 061 621)
Employee related costs	45.20	180 635 962	363 756	180 999 718
Bad debts	45.2	12 980 890	96 285 518	109 266 408
Depreciation and amortisation expense	45.21	15 286 844	(3 236 213)	12 050 631
Repairs and maintenance	45.22	8 421 985	924 096	9 346 081
Finance costs	45.23	5 087 624	(45 396)	5 042 228
Bulk purchases	45.24	72 031 115	18 802 338	90 833 453
Contracted services	45.25	2 860 055	195 393	3 055 449
Grants and subsidies paid	45.26	18 727 246	28 280	18 755 526
General expenses	45.27	70 957 411	1 121 732	72 079 143
<b>NET ASSETS</b>				
Revaluation Reserve	45.4	(87 385 866)	(60 150 499)	(147 536 365)
<b>Accumulated Surplus - Refer to Statements of Changes in Net Assets</b>	45.28	(558 835 371)	(193 153 302)	(751 988 673)

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The following notes provide an explanation as to the nature of the errors identified as well as the effect on the account balance/class of transaction.

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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	R DT/(CT)
<b>45.1 Cash and cash equivalents</b>	
Correction of the bank balances due to correction of unreconciled items	577 618
Effect due to the correction of creditors balances	(122 743)
Mis-allocation of item relating to Call investment deposits	1 156
Unspent Conditional Grant correction due to amount not cleared	(21 034)
	<u>434 997</u>
<b>45.2 Trade and other receivables from exchange transactions</b>	
Correction of Provision for bad debts	(96 285 517)
	<u>(96 285 517)</u>
<b>45.3 Other receivables from non-exchange transactions</b>	
Correction of prepayments made for Insurance	2 812 026
Correction of Other receivables	(8 971 365)
	<u>(6 159 339)</u>
<b>45.4 Inventories</b>	
Effect due to the correction of creditors balances - Cut off errors	266 615
Correction of Stores balances at year end, due to cut-off errors	(3 967 438)
Correction of balances for Properties held as Inventory / Affected to Non - distributable Reserves	60 150 500
	<u>56 449 676</u>
<b>45.5 Call Investment Deposits</b>	
Correction of Financial instrument balance due to cut-off errors	449 802
	<u>449 802</u>
<b>45.6 VAT receivable</b>	
Correction of VAT due to creditors cut-off errors	887 766
Correction of VAT due to Stores correction	(49 738)
<b>VAT correction due to VAT not claimed on certain invoices</b>	1 545 220
	<u>2 383 249</u>
<b>45.7 Property, plant and equipment</b>	
Correction of Carrying Values of Property Plant and equipment & additional assets identified	187 509 378
Correction of VAT due to input VAT not claimed	(247 459)
Correction of VAT due to creditors cut-off errors	1 469 860
	<u>188 731 779</u>
<b>45.8 Intangible assets</b>	
Correction of opening balance of Intangibles due to opening balance differences	(59 786)
	<u>(59 786)</u>
<b>45.9 Investment property carried at fair value</b>	
Correction of Investment property Carrying value against opening accumulated surplus due to incomplete investment property register	26 931 771
	<u>26 931 771</u>

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 June 2011

	R DT/(CT)
<b>45.10 Trade and other payables from exchange transactions</b>	
Correction of VAT due to VAT on assets	1 469 860
Correction of Stale cheques reversed against opening balance	4 458 983
Correction of VAT not claimed	(10 639 946)
Correction of Cut-off errors relating to Stores	(571 600)
Correction of Unspent Grant Misallocation to Creditors	(6 714 600)
Effect of Correction of Bank on Creditors	(122 743)
	<u>(12 120 046)</u>
<b>45.11 Unspent conditional grants and receipts</b>	
Correction of Unspent Grant Misallocation to Creditors	6 714 600
Correction of Grant allocations made due to amounts incorrectly recognised	5 643 211
	<u>12 357 811</u>
<b>45.12 Non-current borrowings</b>	
Correction of Long term Liabilities due to interest miscalculation	40 654
	<u>40 654</u>
<b>45.13 Provisions</b>	
Correction of Provision due to estimate adjustment	(23 313 578)
	<u>(23 313 578)</u>
<b>45.14 Service charges</b>	
Reversal of Creditors incorrectly raised at year end	(2 111 210)
Reversal of amounts relating to prior period	1 797 355
	<u>(313 855)</u>
<b>45.15 Interest earned - external investments</b>	
Correction of Unspent Grant allocations -2010	(6 149 030)
Correction of Call investment deposit amount	(22 778)
	<u>(6 171 808)</u>
<b>45.16 Licenses and permits</b>	
Correction of unreconciled amounts in 2010	591 736
	<u>591 736</u>
<b>45.17 Government grants and subsidies - Operating</b>	
Correction of Unspent Grant allocations -2010	(5 081 999)
	<u>(5 081 999)</u>
<b>45.18 Government grants and subsidies - Capital</b>	
Correction of Unspent Grant allocations -2010	1 204 754
	<u>1 204 754</u>
<b>45.19 Other income</b>	
Correction of unreconciled amounts in 2010	(1 206 004)
	<u>(1 206 004)</u>

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**R**  
**DT/(CT)**

**45.20 Employee related costs**

Correction of VAT component on employee costs	(9 654)
Increase in employee costs due to correction of Creditors cut-off errors	373 410
	<u>363 756</u>

**45.21 Depreciation and amortisation expense**

Correction of Depreciation due to new carrying values of assets identified	(3 236 213)
	<u>(3 236 213)</u>

**45.22 Repairs and maintenance**

Reversal of Creditors incorrectly raised at year end	140 706
Correction of Stores balances at year end, due to cut-off errors	1 024 374
Correction of misallocation to Grants and Subsidies paid	(22 628)
Correction of VAT component on repairs and maintenance not previously claimed	(218 356)
	<u>924 096</u>

**45.23 Finance costs**

Correction of Long term Liabilities due to interest miscalculation	(40 654)
Correction of VAT component on finance costs - misallocation	(4 742)
	<u>(45 396)</u>

**45.24 Bulk purchases**

Correction of Bulk Purchases not expensed in 2010, correction of creditors	18 802 338
	<u>18 802 338</u>

**45.25 Contracted services**

Correction of Stores amounts not included previously	67 758
Correction of VAT component on contracted services - misallocation	(5 642)
Correction of Creditors amounts not previously raised - cut-off	133 277
	<u>195 393</u>

**45.26 Grants and subsidies paid**

Correction of Creditors amounts not previously raised - cut-off	310 665
Correction of VAT component on grants and subsidies	(54 928)
Correction of misallocation to Repairs and Maintenance	22 628
Correction of Stores amounts not included previously	11 675
Re-allocation of Expense to General expenses due to misallocation made	(261 761)
	<u>28 279</u>

**45.27 General expenses**

Correction of Bank suspense amounts	4 714
Creditors not accrued for previously - corrected	1 822 019
Current year movement relating to Landfill rehabilitation	(251 531)
Prepayment of Insurance corrected	(2 812 026)
Re-allocation from Grants and Subsidies paid	127 450
Correction of Stores balances at year end, due to cut-off errors	3 235 544
Correction of VAT component on General expenses not previously accounted for	(1 004 439)
	<u>1 121 732</u>



**King Sabata Dalindyebo Municipality**  
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**R**  
**DT/(CT)**

**45.28 Accumulated Surplus - Refer to Statements of Changes in Net Assets**

Correction of Carrying values of Property Plant and equipment	(177 179 621)
Correction of Bank cut-off issues relating to prior year	(134 844)
Correction of Creditors balances which have previously been overstated	(13 592 071)
Correction of Investment property opening balance due to more investment properties being identified	(26 263 462)
Correction of Financial instrument balances opening balances	(418 456)
Portion of Landfill provision relating to 2009 year end	23 565 109
Correction of portion of unspent grants relating to prior year	5 079 604
Reversal of stale cheques	(4 458 983)
Stores correction due to lack of cut-off, goods consumed prior to 2010	249 422
	<u>(193 153 302)</u>

**King Sabata Dalindyebo Municipality**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**46. COMPARISON OF BUDGET VS ACTUAL**

	<b>2011 Actual R</b>	<b>2011 Budget R</b>	<b>2011 Variance R</b>	<b>2011 Variance %</b>	<b>Explanations of significant variances greater than 10% versus budget</b>
<b>REVENUE</b>					
Property rates	122 589 258	120 340 866	2 248 392	2	No comment as variance less than 10%
Service charges	205 925 635	207 507 601	(1 581 966)	(1)	No comment as variance less than 10%
Rental of facilities and equipment	12 275 577	13 442 411	(1 166 834)	(9)	No comment as variance less than 10%
Interest earned – external investments	7 016 608	2 310 666	4 705 942	204	Interest included in unspent conditional grants
Interest earned – outstanding debtors	22 099 242	16 803 577	5 295 665	32	Bad debts have not been written off as such interest is still accruing on these accounts.
Fines	1 936 231	1 784 745	151 486	8	No comment as variance less than 10%
Licensing & permits	10 140 296	11 879 799	(1 739 503)	(15)	Licensing and permits increased less budgeted
Government grants & subsidies	147 887 803	158 162 363	(10 274 560)	(6)	Not all grant funding realised as some projects not finalised.
Government grants & subsidies – capital	62 576 331	-	62 576 331	-	Capital grant spent - Major Stadium and MIG
Other revenue	8 202 827	6 691 561	1 511 266	23	Underbudgeted for Fire brigade and Roadworthy fees
<b>Total Revenue</b>	<b>600 649 808</b>	<b>538 923 589</b>	<b>61 726 219</b>	<b>11</b>	
<b>EXPENDITURE</b>					
Employee related costs	198 867 916	218 863 353	(19 995 437)	(9)	Some key vacancies resulting in underspending
Remuneration of councillors	18 729 089	15 895 362	2 833 727	18	Budgeted amount misallocation between employee costs and employee related costs
Bad debts	51 103 939	-	51 103 939	-	Provision for indigent/slow paying debtors raised
Billing adjustments	1 247 146		1 247 146	100	Correction of billing errors
Depreciation	18 214 076	27 482 000	(9 267 924)	(34)	Depreciation less than anticipated due to restated PPE figures & depreciation rates
Repairs & maintenance	31 606 822	38 993 593	(7 386 771)	(19)	Lack of implementation of R&M budget
Finance costs	8 639 102	-	8 639 102		PIC and DBSA loans
Bulk purchases	110 469 557	109 104 813	1 364 744	1	Increase in Electricity costs-Eskom increase
Grants & subsidies paid	21 360 135	-	21 360 135	100	Grant exp included as general exp in budget
Contracted services	5 552 560	9 003 163	(3 450 603)	(38)	More functions completed in house
General expenses	84 017 347	115 293 009	(31 275 662)	(27)	Grant exp included as general exp in budget
Loss/(Gain) on disposal of assets	-	(500 000)	500 000		
<b>Total Expenditure</b>	<b>549 807 689</b>	<b>534 135 293</b>	<b>15 672 396</b>	<b>3</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>50 842 119</b>	<b>4 788 296</b>	<b>46 053 823</b>		

**King Sabata Dalindyebo Municipality**  
**APPENDIX A**  
**SCHEDULE OF EXTERNAL LOANS**  
as at 30 June 2011

EXTERNAL LOANS		Loan number	Redeemable Date	Balance at 30 June 2010	Received during the period	Finance charges	Redeemed / written off during the period	Balance at 30 June 2011
<b>LONG-TERM LOANS</b>				R	R		R	R
<b>PIC restructured loan agreement</b>			<b>31 Dec 2018</b>	47 416 635	-	3 679 342	7 796 835	43 299 142
<b>Total PIC loan at 30 June 2011</b>				47 416 635	-	3 679 342	7 796 835	43 299 142
<b>ANNUITY LOAN</b>								
<b>DBSA</b>		<b>10875</b>	31 Mar 2018	5 499 444	-	797 727	1 176 643	5 120 528
<b>DBSA</b>		<b>13335</b>	31 Dec 2020	2 854 636	-	237 182	509 053	2 582 765
<b>DBSA</b>		<b>103877</b>	31 Dec 2026		6 289 256	38 611	77 389	6 250 478
				<b>8 354 080</b>	<b>6 289 256</b>	<b>1 073 520</b>	<b>1 763 085</b>	<b>13 953 771</b>
<b>LEASE LIABILITIES</b>								
MEEG	Prime - 1.5%	3012472131		3				3
MEEG	Prime -1.05%	3012472199		6				6
MEEG	Prime - 1.05%	3012472220		6				6
MEEG		3025908323		429 853	-	36 618	118 800	347 671
				429 868	-	36 618	118 800	347 686
<b>TOTAL EXTERNAL LOANS</b>				<b>56 200 583</b>	<b>6 289 256</b>	<b>4 789 480</b>	<b>9 678 720</b>	<b>57 600 599</b>

**King Sabata Dalindyebo Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
**as at 30 June 2011**

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land</b>													
Land	326 994 793	118 500	-		327 113 293				-	-	-	-	327 113 293
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Quarries	-	-	-	-	-	-	-	-	-	-	-	-	-
	326 994 793	118 500	-	-	327 113 293	-	-	-	-	-	-	-	327 113 293
<b>Buildings</b>													
Worshops & Depots	1 300 000	-			1 300 000	(476 666)	(43 333)			(520 000)			780 000
Office Buildings	33 604 807	87 089			33 691 895	(12 885 878)	(1 123 063)			(14 008 941)			19 682 955
Vehicle Testing Station	4 536 723				4 536 723	(1 361 017)	(151 224)			(1 512 241)			3 024 483
Housing schemes	7 601 900				7 601 900	(2 512 208)	(253 396)			(2 765 604)	-		4 836 296
	47 043 430	87 089	-	-	47 130 519	(17 235 769)	(1 571 016)	-	-	(18 806 785)	-	-	28 323 734
<b>Infrastructure</b>													
Bridges, Subways	82 400				82 400	(11 943)	(2 747)	-	-	(14 690)	-	-	67 710
Bus Terminals	115 000				115 000	(42 166)	(3 833)	-	-	(46 000)	-	-	69 000
Car Parks	10 488				10 488	(2 213)	(350)	-	-	(2 563)	-	-	7 925
Electricity: Cable	85 476 059				85 476 059	(16 740 250)	(2 849 187)	-	-	(19 589 436)	-	-	65 886 623
Electricity: Suppl	34 385 255				34 385 255	(4 800 190)	(1 143 471)	-	-	(5 943 661)	-	-	28 441 594
Fencing & Security	35 100	207 873			242 973	(4 457)	(29 689)	-	-	(34 146)	-	-	208 827
Fire Stations	3 606 333				3 606 333	(1 008 199)	(120 211)	-	-	(1 128 410)			2 477 923
Paving	157 532	35 088			192 620	(47 216)	(19 262)	-	-	(66 478)	-	-	126 142
Public Works	-				-	-	-	-	-	-	-	-	-
Roads	260 818 083	20 530 512		49 469 301	330 817 897	(219 246 676)	(38 690)	-	-	(219 285 366)	-	-	111 532 530
Sewers	-				-	-	-	-	-	-	-	-	-
Street Lighting	2 072 283				2 072 283	(301 988)	(99 332)	-	-	(401 319)	-	-	1 670 964
Taxiways	3 181 661				3 181 661	(970 106)	(158 632)	-	-	(1 128 738)	-	-	2 052 923
Transformer Kiosks	163 209 188				163 209 188	(43 856 349)	(4 360 056)	-	-	(48 216 405)			114 992 783
Tip Sites	871 661				871 661	(277 197)	-	-	-	(277 197)			594 464
	554 021 043	20 773 473	-	49 469 301	624 263 817	(287 308 949)	(8 825 459)	-	-	(296 134 409)	-	-	328 129 409
<b>Community Assets</b>													
Clinics and hospitals	1 048 433				1 048 433	(356 661)	(34 948)	-	-	(391 609)	-	-	656 824
Community centres	12 101 342				12 101 342	(4 304 499)	(403 378)	-	-	(4 707 877)	-	-	7 393 464
Libraries	3 735 232				3 735 232	(452 994)	(124 508)	-	-	(577 502)	-	-	3 157 730
Outdoor sports facilities	321 676				321 676	(128 670)	(16 084)	-	-	(144 754)	-	-	176 922
Public conveniences/ Bathrooms	56 000				56 000	(20 533)	(1 867)	-	-	(22 400)	-	-	33 600
Stadiums	190 340 200				190 340 200	(1 587 117)	(6 344 673)	-	-	(7 931 790)	-	-	182 408 410
Swimming pools	1 270 000				1 270 000	(465 666)	(42 333)	-	-	(508 000)	-	-	762 000
	208 872 882	-	-	-	208 872 882	(7 316 140)	(6 967 790)	-	-	(14 283 930)	-	-	194 588 952
<b>Heritage Assets</b>													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	1 136 932 148	20 979 062	-	49 469 301	1 207 380 511	(311 860 858)	(17 364 266)	-	-	(329 225 124)	-	-	878 155 387

**King Sabata Dalindyebo Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2011

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	1 136 932 148	20 979 062	-		1 207 380 511	(311 860 858)	(17 364 266)	-	-	(329 225 124)	-	-	878 155 387
<b>Other Assets</b>													
Air conditioners	214 915	488 269			703 184	(120 106)	(108 431)			(228 536)	-	-	474 647
Computer hardware	1 212 267	597 984			1 810 252	(670 906)	(215 612)			(886 519)	-	-	923 733
Computer software	520	-			520	(121)	(104)			(225)	-	-	295
Equipment: ambulance and med	64 039	-			64 039	(64 004)	-			(64 004)	-	-	35
Equipment: fire	3 530	-			3 530	(3 516)				(3 516)	-	-	14
Equipment: Laboratories	-	-			-	-				-	-	-	-
Equipment : Lawnmowers	146 860	-			146 860	(84 731)	(12 670)			(97 401)	-	-	49 459
Equipment: Other	657 500	317 372			974 871	(224 548)	(111 886)			(336 434)	-	-	638 438
Equipment : radio	1 500	24 849			26 349	(1 495)	(4 967)			(6 462)	-	-	19 887
Equipment: telecommunications	-	15 135			15 135	-	(3 026)			(3 026)	-	-	12 109
Furniture: cabinets and cupboard	378 407	148 813			527 220	(309 184)	(45 893)			(355 076)	-	-	172 144
Furniture: chairs	345 061	224 948			570 008	(295 322)	(48 526)			(343 849)	-	-	226 160
Furniture: other	79 156	226 507			305 663	(23 427)	(55 281)			(78 708)	-	-	226 954
Furniture: tables and desks	490 499	322 297			812 797	(349 645)	(93 065)			(442 710)	-	-	370 087
Household refuse bins	98 589	491 785			590 374	(3 749)	(13 566)			(17 315)	-	-	573 058
Office machines	85 079	14 840			99 919	(62 657)	(9 478)			(72 135)	-	-	27 785
Tip sites	-	-			-	-				-	-	-	-
Vehicles: fire	531 330	-			531 330	(180 357)	(26 566)			(206 923)	-	-	324 407
Vehicles: graders	-	-			-	-				-	-	-	-
Vehicles: lawnmowers	-	-			-	-				-	-	-	-
Vehicles: motorcars	503 784	-			503 784	(503 545)	(234)			(503 779)	-	-	5
Vehicles: plant	120 000	-			120 000	(119 999)				(119 999)	-	-	1
Vehicles: tractors	89 000	-			89 000	(40 889)	(2 083)			(42 972)	-	-	46 028
Vehicles: trucks and bakkies	5 085 980	-			5 085 980	(5 085 950)				(5 085 950)	-	-	30
Other	-	-			-	-				-	-	-	-
	10 108 015	2 872 799	-	-	12 980 815	(8 144 151)	(751 389)	-	-	(8 895 540)	-	-	4 085 275
<b>Finance Lease Assets</b>													
Office Equipment	-	-			-	-	-	-	-	-	-	-	-
Specialised Vehicles	492 105	-	-	-	492 105	(188 375)	(98 421)	-	-	(286 796)	-	-	205 309
	492 105	-	-	-	492 105	(188 375)	(98 421)	-	-	(286 796)	-	-	205 309
<b>Total</b>	<b>1 147 532 268</b>	<b>23 851 861</b>	<b>-</b>	<b>-</b>	<b>1 220 853 431</b>	<b>(320 193 384)</b>	<b>(18 214 075)</b>	<b>-</b>	<b>-</b>	<b>(338 407 460)</b>	<b>-</b>	<b>-</b>	<b>882 445 971</b>

**King Sabata Dalindyebo Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Land</b>													
Land	326 994 793	-	-	-	326 994 793	-	-	-	-	-	-	-	326 994 793
	326 994 793	-	-	-	326 994 793	-	-	-	-	-	-	-	326 994 793
<b>Buildings</b>													
Worshops & Depots	1 300 000	-	-	-	1 300 000	(433 333)	(43 333)	-	-	(476 666)	-	-	823 334
Office Buildings	33 559 000	45 807	-	-	33 604 807	(11 766 700)	(1 119 178)	-	-	(12 885 878)	-	-	20 718 929
Vehicle Testing Station	4 536 723	-	-	-	4 536 723	(1 209 793)	(151 224)	-	-	(1 361 017)	-	-	3 175 707
Housing schemes	7 601 900	-	-	-	7 601 900	(2 258 812)	(253 396)	-	-	(2 512 208)	-	-	5 089 692
	46 997 624	45 807	-	-	47 043 430	(15 668 638)	(1 567 131)	-	-	(17 235 769)	-	-	29 807 662
<b>Infrastructure</b>													
Bridges, Subways	82 400	-	-	-	82 400	(9 196)	(2 747)	-	-	(11 943)	-	-	70 457
Bus Terminals	115 000	-	-	-	115 000	(38 333)	(3 833)	-	-	(42 166)	-	-	72 834
Car Parks	10 488	-	-	-	10 488	(1 863)	(350)	-	-	(2 213)	-	-	8 275
Electricity: Cable Stations	85 476 059	-	-	-	85 476 059	(13 891 063)	(2 849 187)	-	-	(16 740 250)	-	-	68 735 809
Electricity: Suppl	34 385 255	-	-	-	34 385 255	(3 656 719)	(1 143 471)	-	-	(4 800 190)	-	-	29 585 065
Fencing	-	35 100	-	-	35 100	-	(4 457)	-	-	(4 457)	-	-	30 643
Fire Stations	3 606 333	-	-	-	3 606 333	(887 988)	(120 211)	-	-	(1 008 199)	-	-	2 598 134
Paving	157 532	-	-	-	157 532	(31 463)	(15 753)	-	-	(47 216)	-	-	110 316
Public Works	-	-	-	-	-	-	-	-	-	-	-	-	-
Roads	249 499 570	-	-	11 318 513	260 818 083	(219 207 986)	(38 690)	-	-	(219 246 676)	-	-	41 571 407
Sewers	-	-	-	-	-	-	-	-	-	-	-	-	-
Street Lighting	1 174 370	897 913	-	-	2 072 283	(202 776)	(99 211)	-	-	(301 988)	-	-	1 770 295
Taxiways	3 181 661	-	-	-	3 181 661	(811 474)	(158 632)	-	-	(970 106)	-	-	2 211 555
Transformer Kiosks	153 374 188	9 835 000	-	-	163 209 188	(39 496 887)	(4 359 462)	-	-	(43 856 349)	-	-	119 352 839
Tip Sites	871 661	-	-	-	871 661	(277 197)	-	-	-	(277 197)	-	-	594 464
	531 934 517	10 768 013	-	11 318 513	554 021 043	(278 512 945)	(8 796 004)	-	-	(287 308 949)	-	-	266 712 094
<b>Community Assets</b>													
Clinics and hospitals	1 048 433	-	-	-	1 048 433	(321 713)	(34 948)	-	-	(356 661)	-	-	691 772
Community centres/ Fire stations	12 101 342	-	-	-	12 101 342	(3 901 122)	(403 378)	-	-	(4 304 499)	-	-	7 796 842
	-	-	-	-	-	-	-	-	-	-	-	-	-
Libraries	3 735 232	-	-	-	3 735 232	(328 487)	(124 508)	-	-	(452 994)	-	-	3 282 237
Office buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Outdoor sports facilities	321 676	-	-	-	321 676	(112 586)	(16 084)	-	-	(128 670)	-	-	193 006
Parks	-	-	-	-	-	-	-	-	-	-	-	-	-
Public conveniences/ Bathrooms	56 000	-	-	-	56 000	(18 666)	(1 867)	-	-	(20 533)	-	-	35 467
Stadiums	2 770 000	187 570 200	-	-	190 340 200	(923 333)	(663 784)	-	-	(1 587 117)	-	-	188 753 084
Swimming pools	1 270 000	-	-	-	1 270 000	(423 333)	(42 333)	-	-	(465 666)	-	-	804 334
	21 302 682	187 570 200	-	-	208 872 882	(6 029 240)	(1 286 901)	-	-	(7 316 140)	-	-	201 556 742
<b>Heritage Assets</b>													
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-
Paintings & Artifacts	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total carried forward</b>	927 229 615	198 384 020	-	11 318 513	1 136 932 148	(300 210 823)	(11 650 035)	-	-	(311 860 858)	-	-	825 071 290

**King Sabata Dalindyebo Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
as at 30 June 2010

	Cost / Revaluation					Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
<b>Total brought forward</b>	927 229 615	198 384 020	-	11 318 513	1 136 932 148	(300 210 823)	(11 650 035)	-	-	(311 860 858)	-	-	825 071 290
<b>Other Assets</b>													
Air conditioners	134 138	80 777	-	-	214 915	(107 524)	(12 582)	-	-	(120 106)	-	-	94 809
Computer hardware	831 599	380 668	-	-	1 212 267	(580 462)	(90 445)	-	-	(670 906)	-	-	541 361
Computer software	520	-	-	-	520	(18)	(104)	-	-	(121)	-	-	399
Equipment: ambulance and med	64 039	-	-	-	64 039	(64 004)	-	-	-	(64 004)	-	-	35
Equipment: fire	3 530	-	-	-	3 530	(3 516)	-	-	-	(3 516)	-	-	14
Equipment: Laboratories	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment : Lawnmowers	83 500	63 360	-	-	146 860	(83 499)	(1 232)	-	-	(84 731)	-	-	62 129
Equipment: Other	230 210	427 289	-	-	657 500	(188 966)	(35 582)	-	-	(224 548)	-	-	432 952
Equipment : radio	1 500	-	-	-	1 500	(1 495)	-	-	-	(1 495)	-	-	5
Equipment: telecommunications	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture: cabinets and cupboard	348 180	30 227	-	-	378 407	(294 067)	(15 117)	-	-	(309 184)	-	-	69 223
Furniture: chairs	306 466	38 594	-	-	345 061	(287 505)	(7 817)	-	-	(295 322)	-	-	49 738
Furniture: other	21 186	57 970	-	-	79 156	(18 527)	(4 901)	-	-	(23 427)	-	-	55 729
Furniture: tables and desks	398 344	92 155	-	-	490 499	(321 358)	(28 286)	-	-	(349 645)	-	-	140 855
Household refuse bins	98 589	-	-	-	98 589	(479)	(3 270)	-	-	(3 749)	-	-	94 840
Office machines	78 444	6 635	-	-	85 079	(56 959)	(5 698)	-	-	(62 657)	-	-	22 422
Tip sites	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles: fire	531 330	-	-	-	531 330	(153 790)	(26 566)	-	-	(180 357)	-	-	350 973
Vehicles: graders	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles: lawnmowers	-	-	-	-	-	-	-	-	-	-	-	-	-
Vehicles: motorcars	503 784	-	-	-	503 784	(503 312)	(234)	-	-	(503 545)	-	-	239
Vehicles: plant	120 000	-	-	-	120 000	(119 999)	-	-	-	(119 999)	-	-	1
Vehicles: tractors	89 000	-	-	-	89 000	(38 806)	(2 083)	-	-	(40 889)	-	-	48 111
Vehicles: trucks and bakkies	5 085 980	-	-	-	5 085 980	(5 085 950)	-	-	-	(5 085 950)	-	-	30
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
	8 930 340	1 177 675	-	-	10 108 015	(7 910 234)	(233 917)	-	-	(8 144 151)	-	-	1 963 864
<b>Finance Lease Assets</b>													
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Specialised Vehicles	492 105	-	-	-	492 105	(89 954)	(98 421)	-	-	(188 375)	-	-	303 730
	492 105	-	-	-	492 105	(89 954)	(98 421)	-	-	(188 375)	-	-	303 730
<b>Total</b>	<b>936 652 060</b>	<b>199 561 695</b>	<b>-</b>	<b>11 318 513</b>	<b>1 147 532 268</b>	<b>(308 211 012)</b>	<b>(11 982 373)</b>	<b>-</b>	<b>-</b>	<b>(320 193 384)</b>	<b>-</b>	<b>-</b>	<b>827 338 884</b>

**King Sabata Dalindyebo Municipality**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
**as at 30 June 2011**

	Cost / Revaluation					Accumulated Depreciation				Carrying value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	
Executive & Council	198 517	199 761			398 278	127 476	57 766		185 242	213 036
Finance & Admin	1 410 990	407 908			1 818 898	807 504	238 683		1 046 187	772 711
Planning & Development	241 522	179 483			421 005	103 494	77 103		180 598	240 407
Community & Social Services	40 367 514	1 419 819			41 787 334	13 177 666	1 397 306		14 574 972	27 212 361
Public Safety	165 341	236 560			401 901	49 164	65 162		114 326	287 575
Corporate Services	465 706	405 589			871 295	290 956	95 334		386 290	485 005
Infrastructure	1 083 967 121	21 002 741	49 469 301		1 154 439 163	295 532 931	15 793 975		311 326 906	843 112 257
Other	20 715 557				20 715 557	10 104 194	488 746		10 592 939	10 122 618
<b>Total</b>	<b>1 147 532 268</b>	<b>23 851 861</b>	<b>49 469 301</b>	<b>-</b>	<b>1 220 853 430</b>	<b>320 193 384</b>	<b>18 214 076</b>	<b>-</b>	<b>338 407 460</b>	<b>882 445 971</b>



**King Sabata Dalindyebo Municipality**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 30 June 2011**

2010	2010	2010		2011	2011	2011
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
R	R	R		R	R	R
2 188 697	(45 086 229)	(42 897 532)	Executive & Council	2 785 998	(52 751 920)	(49 965 922)
257 086 001	(197 307 453)	59 778 548	Finance & Admin	286 654 316	(169 947 650)	116 706 666
141 960 929	(16 287 658)	125 673 271	Planning & Development	34 087 293	(20 999 774)	13 087 519
11 716 795	(18 584 223)	(6 867 427)	Health	5 853 000	(20 788 383)	(14 935 383)
73 885	(352 722)	(278 837)	Community & Social Services	69 216	(437 867)	(368 651)
721 423	(10 777 793)	(10 056 370)	Housing	1 113 684	(12 371 972)	(11 258 288)
18 347 927	(51 954 716)	(33 606 789)	Public Safety	19 739 640	(56 188 602)	(36 448 963)
-	(1 308 419)	(1 308 419)	Sport & Recreation	-	(1 686 549)	(1 686 549)
18 563 525	(36 267 165)	(17 703 640)	Waste Management	20 862 705	(36 956 409)	(16 093 704)
34 075 290	(19 457 050)	14 618 239	Road Transport	32 372 835	(35 034 157)	(2 661 322)
156 154 112	(114 482 772)	41 671 340	Electricity	196 723 621	(145 300 774)	51 422 847
3 820 014	(14 284 609)	(10 464 595)	Other	387 500	(14 206 985)	(13 819 485)
<b>644 708 599</b>	<b>(526 150 811)</b>	<b>118 557 788</b>		<b>600 649 808</b>	<b>(566 671 042)</b>	<b>33 978 766</b>

**APPENDIX F**  
**DISCLOSURE OF GRANTS AND SUBSIDIES**

**DISCLOSURE OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

GRANT	DONOR	Brought Forward	Quarterly Receipts R					Quarterly Expenditure R				
			Sept 2010	Dec 2010	March 2011	June 2011	Total	Sept 2010	Dec 2010	March 2011	June 2011	Total
Equitable Share	DPLG	-	53 274 024	42 619 219	31 964 414	-	127 857 657	-	-	-	-	-
FMG	NT	860 454	1 200 000	-	-	-	1 200 000	-	-	-	565 228	565 228
2010 Stadium	DSRAC	24 142 588	-	-	-	-	-	3 341 441	5 935 841	-	3 929 684	13 206 966
NER	NER	16 602 036	-	2 000 000	6 000 000	-	8 000 000	-	2 054 173	-	6 424 084	8 478 257
Fleet Management	Prov. Treasury	4 200 000	-	-	-	-	-	-	-	-	-	-
Urban Renewal	NT	15 292 617	-	12 000 000	6 048 000	-	18 048 000	6 528 950	3 879 179	944 624	7 274 126	18 626 880
Human Capital	Prov. Treasury	9 421	-	-	-	-	-	-	-	-	-	-
Fire Station Refurbishment	Prov. Trea	3 347 663	-	-	-	-	-	-	-	-	33 839	33 839
DOT Taxi Rank	DOT	8 308 789	-	-	-	-	-	-	-	-	-	-
LED - Nduli Nature Reserve	DEAT	101 343	-	-	-	249 886	249 886	-	-	-	246 489	246 489
IDP Grant	DPLG	827 043	-	-	-	-	-	-	-	-	812 934	812 934
Municipal Support Program	NT	143 584	-	-	-	-	-	-	-	-	-	-
Disaster	DPLG	3 654 736	-	-	-	-	-	-	-	-	43 137	43 137
HIV Aids	DPLG	14 837	-	-	-	-	-	-	-	-	-	-
MIG Grants	DPLG	2 969 456	12 500 000	4 480 000	3 437 000	-	20 417 000	11 339 714	13 779 270	2 246 339	3 377 192	30 742 515
Zimbane Housing		21 567	946 860	130 017	12 250	24 625	1 113 752	945 748	124 662	30 470	33 151	1 134 030
Zimbane Valley Payment Plan		576 026	-	-	-	-	-	600 846	-	-	-	600 846
Ilitha Housing		15 196	290 996	83 662	21 375	21 375	417 408	262 463	124 864	22 008	20 546	429 882
Kuyasa Housing		5 162	-	-	-	-	-	-	-	-	-	-
Maydene Call a/c		1 450 442	-	-	-	-	-	264 889	206 554	33 625	46 000	551 068
Waterfall Phase IV		92 283	-	-	-	-	-	80 679	-	-	-	80 679
Kuyasa Housing Project		455 756	-	-	-	-	-	-	-	-	460 600	460 600
Nqgwala Rural Housing		349 116	-	-	-	-	-	-	-	-	-	-
Xhugxwala Rural Housing		203 390	-	-	-	-	-	-	-	-	-	-
Mabeleni Rural Housing		225 008	-	-	-	-	-	-	-	-	-	-
Qunu Rural Housing		486 914	-	-	-	-	-	-	-	-	-	-
Mqanduli Middle Income Housing		333 652	-	-	-	-	-	-	-	-	-	-
Khuphukani		1 740 000	-	-	-	-	-	-	-	-	155 237	155 237
Light the Pilot		624 226	-	-	-	-	-	-	-	-	122 866	122 866
Mqanduli Milling Project		843 895	-	-	-	-	-	-	-	-	889 726	889 726
Municipal finance assistance		-	-	-	-	1 500 000	1 500 000	-	-	-	788 832	788 832
Performance management		80 000	-	-	-	-	-	-	-	-	-	-
Organogram Dev		736 539	-	-	-	-	-	-	-	-	-	-
KSD elections road		-	-	-	2 000 000	-	2 000 000	-	-	-	1 459 350	1 459 350
Grant Admin Develo		-	-	-	430 000	-	430 000	-	-	-	-	-
Rural Planning		836 750	-	-	-	-	-	-	-	-	387 500	387 500
Uphuhliso Lwethu		-	-	-	500 000	500 000	1 000 000	-	-	-	5 693	5 693
Sec 21		166 119	-	-	-	-	-	144 626	-	-	-	144 626
KSD intervention		1 009 360	-	-	-	-	-	-	-	-	-	-
Waterfall Park Fund		124	-	-	-	-	-	124	-	-	-	124
Umtata Consolidated park		2 509 715	-	-	-	-	-	-	-	-	-	-
Maydene Beneficiary top-up		240	-	-	-	-	-	-	-	-	-	-
Municipal Systems improvement grant		518 011	750 000	-	-	-	750 000	-	-	-	1 220 041	1 220 041
<b>93 754 060</b>			<b>68 961 880</b>	<b>61 312 898</b>	<b>50 413 039</b>	<b>2 295 886</b>	<b>182 983 702</b>	<b>23 509 479</b>	<b>26 104 543</b>	<b>3 277 066</b>	<b>28 296 255</b>	<b>81 187 344</b>

COMMENTS TO THE 2010/11 AUDIT REPORT AND ACTION PLAN TO  
ADDRESS MATTERS REPORTED BY THE AUDITOR GENERAL



Comments to 2010/11 audit report and action plan to address matters reported by Auditor General.

<b>Nu mb er</b>	<b>Audit issue / finding</b>	<b>Action taken / to be taken</b>	<b>Commencement date</b>	<b>Completion date</b>	<b>Responsible</b>
4	Budget exceeded with about R3.2 million.	Budget section to confirm availability of budget before the processing of the order. xe	01 October 2011	Ongoing exercise	Mrs. Mphahlwa
5	Overpayment of councillors allowances amounting to R3.2 million	Matter to be referred to the council for action.	24 January 2012	30 June 2012	Municipal Manager
6	Irregular expenditure incurred amounting to R70.6 million	Departments to restrict the use of section 36 and ensure compliance to SCM. To embark on extensive training on SCM policies.	01 February 2012	Ongoing exercise	Mr. Mfobo / CFO
7	Properties to the value of R72 million and roads infrastructure to the value of R3.9 million were removed from Municipality's records  Roads to the value of R96.6 million could not be traced to the asset register  Basis for replacement costs could not be provided	To enquire from AG as to what properties does this relate to.  To engage specialist to address this short coming  As above	01 February 2012  01 February 2012  01 February 2012	30 June 2012	Mr Tyalibongo  Ms Qayiso / Mr Mqamelo

8	Leases not correctly classified	Engage specialists to address the issue.	01 February 2012	01 June 2012	Municipal Manager
9	Municipal properties not revalued on annual basis and valuation roll was used to value empty land.	Property valuer to be engaged to value land	01 February 2012	31 March 2012	Ms Qayiso / CFO
10	In determining values of the municipal properties residual values not considered.	An expert should be appointed to determine residual values of depreciated properties	01 February 2012	31 March 2012	Ms. Qayiso / CFO
11	Investment properties could not be traced to deeds website	Registration process to be finalised	01 February 2012	30 June 2012	Mr. Merry / Mr. Sonkosi
12	Movement in fair values between 2010 and 2011 not determined	Fair values should be determined at each reporting date	30 June 2012	30 June 2012	Ms. Qayiso / CFO
13	120 properties in the valuation roll recorded at nil values	Will engage the municipal valuer to correct the error.	01 March 2012	31 March 2012	Mr Tyalibongo
14	Revenue from licence and permits not agreeing to ENATIS reports	Reconciliations will be prepared on monthly basis	1 February 2012	30 June 2012	Ms Soqinase / Mr Gushu
15	Interest on outstanding debtors incorrectly calculated	Engage Rdata to investigate the root cause and also to eliminate the error.	01 March 2012	31 March 2012	Mr Tyalibongo
16	VAT overstated by R3.6 m	Engage Rdata to investigate the root	01 March 2012	31 March 2012	Mr Tyalibongo

		cause and also to eliminate the error.			
17	VAT difference of R3.m between VAT reconciliations and records	Engage Rdata to investigate the root cause and also to eliminate the error.	01 March 2012	31 March 2012	Ms Lunika
18	R7.9 from the receivables could not be supported by documentation	This was adjusted in the adjusted AFS			
19	Trade and other receivables not impaired	Trade and other receivables will be discounted at year end.	30 June 2012	30 June 2012	Mr Tyalibongo / Luvo
20	The leave balance of employees could not be verified as the leave records of the municipality have been adequately maintained. The municipality's records did not permit me to perform alternative audit procedures to verify the completeness and accuracy of the accrual of R17 million (2010:R15.2 million) as disclosed in note 11 to the financial statements and the related employee costs is complete and accurate.	New leave books have been provided to each department, so now it will be easy to track and maintain the leave records. Heads of department to ensure that all leave applications are recorded in the new triplicate book available from HR	01 February 2012	On going	Mr Swelindawo / Mr Songca and HOD
21	Included in Trade and other payables are suspense accounts for un-cleared deposits to the net value of R2.4 million (2010:R0.8 million).	These will be investigated and cleared and currently, most of the suspense accounts have been blocked for use.	01 February 2012	On going	Mr Tyalibongo / Ms Mjali

22	Sufficient appropriate audit evidence could not be provided to confirm the balance of R3.5 million owed to the State included in accruals of R18.6 in note 11 to the financial statements.	Confirmation will be sought from DWAF	30 June 2012	30 June 2012	Mrs Lunika
23	Consumer deposits. Sufficient appropriate audit evidence could not be provided to verify the accuracy and completeness of the amount recorded in the municipal records of R1.3 million (2010: R0.9 million) as disclosed in the statement of financial position and note 12 to the financial statements..	All metered electricity consumers will be asked to complete new forms and where necessary requested to pay consumer deposits	01 March 2012	30 June 2012	Mr Tyalibongo / Mr Harperstad
24	Supporting documents with regards grants and subsidies expenditure to the value of R9.6 million was not provided for audit purposes.	Discussions will be held with the audit team to get details of the vouchers that are said to be outstanding.	01 March 2012	30 April 2012	Ms Lunika
25	Included in the repairs and maintenance expenditure is an amount of R8 million which has been incorrectly classified, R3.5 million of this relates to other general expenses and R4.6 million relates to Property,	Orders are scrutinised by the budget section before approval.	01 October 2011	on-going	Mrs Mphahlwa / Mr. Zukulu
26	An amount of R6.7 million relating to the national Municipal Infrastructure	The vote has to be reclassified and	Completed	Completed	Mrs Mphahlwa



	Grant (capital) has been incorrectly classified as a National Energy regulator grant (operating).	corrections to the AFS will be made			
27	The municipality could not provide sufficient appropriate audit evidence for a difference of R4.5 million which was noted between the municipality's records and the amount disclosed in note 23.3 relating to reconciliation of conditional grants – capital (National Municipal	This money has been transferred back to our main account and the financial periods, for MIG and the municipality have been aligned.	Completed	Completed	Mphahlwa
28	Sufficient appropriate audit evidence could not be provided to verify that electrical project commitments amounting to R23 million was accurate and complete. In addition, a difference of R1.3 million was identified between the commitment schedule and supporting documentation for the National Municipal Infrastructure Grant projects.	These commitments will be reviewed by the project managers responsible. Also a new system on record keeping of contracts needs to be formed.	30 June 2012		Project Managers and Mr Mfobo.
29	The cash flow statement has not been adequately prepared in terms of GRAP 2 cash flow statements. The prior year figure for the purchase of Property,	AFS should be reviewed	1 March 2012	30 June 2012	CFO / Ms Mfeya

	Plant and Equipment reflects an outflow of R154 million instead of R210 million. I could not reconcile the difference of R56 million and the municipality could not provide sufficient appropriate audit evidence for this difference.				
30	Revaluation reserves was not reduced by portion of depreciation on re-valued assets	Revaluation reserve will be reviewed and transfers made	1 March 2012	30 June 2012	Ms Qayiso / Ms Mfeya
31 32 & 33	Misstatements in the prior year audit not corrected	Misstatements will be corrected	1 March 2012	30 June 2012	Ms Mfeya / CFO

## CHAPTER 6: ECONOMIC DEVELOPMENT

## DEPARTMENTAL COMPOSITION FOR SED DEPARTMENT

The Department is composed of the following Sections:-

Local Economic Development - 2 LED officers

Tourism - 1 tourism officer

IDP - 1 co-coordinator

Licensing - 3 officers and 2 cleaners

Special Programmes Unit and Social Development - one special programmes officer,

Acting Manager Social Development and Data Capturer

## CHALLENGES AND BACKLOGS

The department had a 67% vacancy rate. It had a backlog of developing and reviewing strategies for the sections namely review of the LED strategy, development of tourism strategy, Informal trading policy and SPU related strategies. It was allocated inadequate capital budget. Backlogs also exist in mapping economic resources and preparations and packaging of investment opportunities.

## PROJECTS FOR 2010/2011

PROJECT NAME	BUDGET	COMPLETION DATE
Nduli Feasibility Study	R1.2 m	October 10
Waste Recycling project and Formation of 11 Urban Cleaning co-operatives	R1.1m	August 10
Draft Informal Trading Policy	R50 000	January 11
Milling Plant Operationalisation construction of Silo , one guard room and upgrade of electricity	R1m	March 2011
Review of an LED strategy	R160 000	April 11

PROJECT NAME	BUDGET	COMPLETION DATE
Pendu Irrigation Scheme – Formation of Co-operation	R30 000	December 10
Wonkumntu Arts and Craft Center ( stage 1 and 2 )	R5m	June 11
Manqondo Visitor Information Center	R5.7m	Construction in progress in 2010
Luchaba Tourism and Recreational Center	19,5m	Year 2010 It was still in progress
KSD month – Cultural Event / Ms KSD pageant	R350 000	September 10
Hosting of RE union Municipal Delegation		June 2010
Light the Pilot project	R870 000	May 11
Uphuhliso Lwethu Nursery	R1m	Construction in progress 2010
Khupukani Leather Works	R1,740m	Office setup and office rental paid by September 10
Celebration of Youth Month	R150 000	June 2011
HIV benchmarking programme ( part 1)	R50 000	May 11

## CHAPTER 7: FUNCTIONAL SERVICE DELIVERY

## CHALLENGES

- Estimated R3,2 billion budget shortfall across the catalytic areas;
- Lack of leadership in the development of the Mthatha Airport especially with regards the runway upgrade;
- OR Tambo DM's institutional capacity to deliver Water & Sanitation services to KSD remains a challenge;
- Unresolved land claims issues have a potential to stall implementation of some projects such as Greenfield housing project at Sidwadwa and Phola Park;

## COMPLETED PROJECTS

### Roads

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(SANRAL) Mthatha Shell Ultra City to Mthatha River	R64 Million	Nov. 09	Apr. 11	Project completed by 31 March 2011	Men: 65 Women: 14 Youth 36 Total = 79	Some completed sections show signs of distress	Contractor will redo sections under distress



## Water

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(RBIG)  Development of the new Coffee Bay regional water supply scheme.	R53,75 Million	Sept. 2009	August 2011	<u>Completed.</u>	Adult Men = 136  Youth Men =316  Adult Women = 26  Youth Women = 29  Disabled Men = 1  <b>Total Phase 1= 508</b>	N/A	N/A



PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
Refurbishment of the Waste Water Treatment Works – Phase 1A.	Total = R30,3 Million R25,276 Million (DWA) R5,055 Million (OR Tambo DM)	August 2010	Feb. 2011	<u>Completed.</u>	30 people employed.	N/A	N/A

## FUNDED HIGH IMPACT PROJECTS

### Airport

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<i>(EC DoT)</i> <i>Navigational Aid project (DVOR/DME)</i>	<i>R7,5 Million (2010/11)</i>	<i>August 2011</i>	<i>November 2011</i>	<i>New equipment Installed and tested and awaiting certification.</i>		<b>Cooperation from the EC DoT .</b>	
<i>(EC DoT)</i> <i>Mthatha Airport Terminal Building Alterations.</i>	<i>R60 Million over 10 months.</i>	<i>August 2011</i>	<i>July 2012</i>	<i>Tender adjudication under way.</i>	<i>Figures will be known after the building contract has been awarded</i>	<b>Cooperation from the EC DoT.</b>	

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<i>(EC R&amp;PW)</i> <i>Mthatha Airport additions to parking area &amp; civil works.</i>							
<i>(EC DoT)</i> <i>Mthatha Airport fencing.</i>							

## Roads

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(SANRAL) Airport to Madeira intersection with Sutherland	R8 Million	Sep 2011	Nov 2011	Contractor establishing site and work to start on the 27 <sup>th</sup> September 2011.	Estimate number of jobs to be created is 40.	N/A	N/A
(SANRAL) Ultra City to Viedgesville.	R71 Million	August 2010	August 2011	The Contractor is on site and the project is <b>95% complete</b> . Working on including side drains.	Men: 146 Women: 20 Youth: 86 Total = 166	N/A	N/A

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(EC R&amp;PW)</b> <b>1<sup>st</sup> Portion, Mancam to Notshata</b>  <u><b>14,4 km.</b></u> <u><b>REHABILITATION</b></u>	R49 Million	April 2010	Sep. 20 11	<u><b>90% complete.</b></u> On course to complete by end-September.	Men Youth: 35 Women Youth: 34 Males Adults: 16 Females Adults: 14 Total: 99	N/A	N/A
<b>(EC R&amp;PW)</b> <b>2<sup>nd</sup> Portion, Mdumbi turn off to Coffee Bay (Phase 1).</b>  <u><b>6 km.</b></u> <u><b>REHABILITATION</b></u>	R14 Million	Sep. 2011	Sep. 2012	Contractor is on site on the 1 <sup>st</sup> Portion from Mancam to Notshata and will be moving to this Portion at the end of September.	Estimated number of jobs to be created is 60.	N/A	N/A

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(EC R&amp;PW)</b> <b>N2 Mbashe to Mvezo – <u>10km</u> of road and a bridge.</b> <u><b>NEW ASSETS</b></u>	R120 Million	Oct. 2011	August 2012	Contract has been awarded on the 12 <sup>th</sup> September. <u><b>Work set to start on the 15<sup>th</sup> October.</b></u>	Estimated number of jobs to be created is 200.	N/A	N/A
<b>(EC R&amp;PW)</b> <b>N2 Viedgesville via Mqanduli to Mancam.</b> <u><b>25.1km.</b></u> <u><b>RESEAL.</b></u>	R40 Million	August 2011	Nov. 2011	Site establishment and profiling have been done. <u><b>5 % complete.</b></u>	Estimated number of jobs to be created is 80.	N/A	N/A

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(EC DoT)  Jubilee Square - integrated transport interchange	R30 Million	July 2011	Nov. 2011	The contractor re-established on site by 25 <sup>th</sup> July 2011.  <u>85% complete.</u>	Estimated number of jobs to be created is 30.	N/A	N/A
(DoT & DBSA)  KSD Integrated Rural Transport Plan (to address the regional transport nodes, corridors and spatial development and be the catalyst for economic development in the area)	R4,965 Million from the DoT  R2 Million from the DBSA	Feb. 2011	Feb. 2012	Consulting team appointed in January 2011. Project library has been developed and quick wins have been identified. Household and traffic surveys are currently being undertaken.  <u>40% complete.</u>	Job opportunities from the surveys targeting youth and women in particular:  Household surveys: 35  Road Side Counts: 6  CBD traffic and occupancy surveys: 40  On board observations: 6	N/A	N/A



PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(SANRAL)  Widening of Mthatha bridge and improvements on Sprigg street	R101 Million	March 2011	July 2012	Site was handed over on the 24 <sup>th</sup> February 2011. Contractor is on site and works are <b>8% complete</b> . The project is expected to be complete by September 2012	Men: 17 Women: 8 Youth: 12 Total = 25	N/A	N/A
(EC R&PW)  Road to Mthatha Dam Phase 1 from R61 turn off to the Mthatha Dam gate.  <u>3.2km.</u>  <u>UPGRADE.</u>	R55,5 Million over 2 years  2011/2012  R25,5 Million  2012/2013  R30 Million	Sep. 2011	Sep. 2013	<b>Contractor to be on site at the end of September.</b>	Estimated number of jobs to be created is 20.	N/A	N/A

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(EC R&PW)  Ugie Langeni (Phase 3). <u>13km of a road and two bridges. – NEW ASSET.</u>	2011/2012  R72,097 Million	Sep. 2010	Oct. 2011	<u>90% complete.</u>	Adult Males: 12 Adult Females: 33 Youth Females: 19 Youth Males: 30 Total: 94	N/A	N/A
(SANRAL)  Sitebe Komkhulu to Viedgesville.	R341 Million	May 11	Nov. 13	Contract has been awarded to Haw & Inglis and contractor is already on site with works at <u>9% complete.</u>	Men: 43 Women: 28 Youth: 35 Total = 71	N/A	N/A

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(EC R&amp;PW)</b>  <b>Maintenance of the surface road network within the Mthatha CBD.</b>  <b>Estimate = 20,000m2.</b>  <u><b>MAINTENANCE</b></u>	R60 Million over 3 years.  2011/2012 R14 Million  2012/2013  R21 Million  2013/2014  R25 Million	August 2011	August 2014	SLA between DPRW and KSD has been entered into.  <u><b>Contractor on site from September 2011.</b></u>		N/A	N/A

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(KSD LM)</b>  <b>Maintenance of the surface road network within the Mthatha CBD.</b>  <b>Estimate = 20,000m2.</b>  <u><b>MAINTENANCE</b></u>	R10 Million	July 2011	June 2012	Contractor is on site.  <b>15% complete.</b>	Female Youth = 20 Male Youth = 20 Total = 40	90% of Mthatha surfaced road network deteriorated beyond pothole repair requirements. Insufficient financial & skill resources to rehabilitate and resurface	Assistance with obtaining funding is required.

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(MIG)</b> <b>Hoadley to Nepgen Surface Road.</b> <u><b>1.8 km.</b></u> <u><b>Complete surfacing</b></u> with storm water, drainage pipes & street light electrification.	R15,936,729.00	June 2011	Feb. 2012	Contractor is on site. <u><b>45% complete.</b></u>	Adult Men = 2 Youth Male = 12 Youth Female = 2 Total = 16. Total projected = 35	Had to remove existing water mains belonging to OR Tambo.	OR Tambo needs to upgrade their services.

## Housing

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(EC HS)</b> <b>Informal Settlement Upgrade Program in Joe Slovo, Chris Hani, Mandela Park, Phola Park and Ngangelizwe (ISUP) for 6600 Units.</b>	R85 Million	July 2011	Oct. 2012	<p>Formalisation of the identified informal settlements is under way.</p> <p><b>Site handover took place on 5 September 2011</b> for the provision of interim services.</p> <ul style="list-style-type: none"> <li>• Stand pipes,</li> <li>• Road gravelling,</li> <li>• VIP Toilets.</li> </ul>	Training currently underway for 100 persons. 80 persons were employed as part of the social facilitation process.	Inadequate Bulk infrastructure.	<p>Clear bulk services (water &amp; sanitation) plan to support the project being initiated.</p> <ul style="list-style-type: none"> <li>• OR Tambo</li> <li>• EC LGTA</li> </ul>

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(EC HS) Ngangelizwe Alternative Building Technology Pilot Project 200 units	R 21Milion	Jan. 2010	March 2012	Planning completed for 200 sites.  Beneficiary administration and transfers in progress for the remaining 194 houses. <b><u>6 houses completed.</u></b>	48 persons have been trained in hydraform technology construction and will be employed on the project.	Some of the beneficiaries do not have title deeds. This process is delaying commencement of construction.	N/A

## Water

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(MIG)</b> <b>Refurbishment of Raw Water Pipeline from Mthatha Dam to Thornhill Water Treatment Plant.</b>	Total = R57,925 Million 2011/2012 R10 Million 2012/2013 R47,925 Million	June 2011	June 2013	Project approved by the EC LGTA on the 19 <sup>th</sup> September 2011.	Estimated number of jobs to be created = 600.	Total funding required is  R 997,015 Million. Shortfall is  R 939,090 Million.	Require in-principle funding commitment from: <ul style="list-style-type: none"> <li>• DWA</li> <li>• COGTA</li> <li>• National Treasury</li> </ul>



PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(MIG)</b> <b>Coffee Bay Regional Water Supply-Extension to wards 23 &amp; 24.</b>	Total = R113,654 Million 2011/2012 R24,320 Million 2012/2013 R44,667 Million 2013/2014 R44,667 Million	Oct. 2011	Dec. 2014	Project approved by the EC LGTA <sup>th</sup> on the 19 <sup>th</sup> September 2011.	Estimated number of jobs to be created = 6,667.	N/A	N/A
<b>(OR Tambo DM)</b> <b>Refurbishment of Mqanduli Water Supply.</b>	R2,8 Million	July 2010	Sep. 2011	<u><b>90% complete.</b></u>	Estimated number of jobs to be created = 25.	R3,157 Million shortfall to replace the bulk mains.	DWA to commit through the RBIG programme.

## Sanitation

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>(MIG)</b> <b>Phase 1B Upgrade of Mthatha Waste Water Treatment Works.</b>	R27,055 Million	Jan. 2012	June 2013	Project approved by the EC LGTA on the 19 <sup>th</sup> September 2011.	Estimated number of jobs to be created = 165.	Funding shortfall of R 507,613 Million. Business Plans have been developed.	Require in-principle funding commitment from: <ul style="list-style-type: none"> <li>• DWA</li> <li>• COGTA</li> <li>• National Treasury</li> </ul>
<b>(MIG)</b> <b>Upgrade of the Mqanduli sewer system to a water- borne sewerage system.</b>	R25 Million	June 2011	Sep. 2012	The project is at tender stage.  ROD issued on 02 Sep 2011	Estimated number of jobs to be created = 100.	Total amount required = R41,366 Million. Shortfall R16,367 Million	Require in-principle funding commitment from: <ul style="list-style-type: none"> <li>• DWA</li> <li>• COGTA</li> <li>• National Treasury</li> </ul>

## Electricity

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>Upgrade of Primary Network</b>	<p>Total = R24.74 Million</p> <p>R5,8 Million = Sidwadwa substation.</p> <p>R18,94 Million = Thornhill substation</p>	March 2011	March 2014	<p>The 20MVA transformer for Sidwadwa and 15MVA transformer for Thornhill was procured.</p> <p>Thornhill 2<sup>nd</sup> transformer tender closed and is being evaluated.</p>	Estimated 20 jobs per year per project	<p>Operational risk, a catastrophic failure in Thornhill may leave community without water &amp; electricity for a long period of time.</p> <p>Confirmation of funds released to engage with the ordering of long lead items, designing and implementation</p>	KSD and DOE did meet, but must follow up with detail on timelines and cash flows.

## UNFUNDED HIGH IMPACT PROJECTS

### Airport

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<i>Runway upgrade based on a length of 2000m.</i>	<i>R300m over 2 years.</i>	<i>N/A</i>	<i>N/A</i>	<i>High level assessment has been conducted on the airport. A proposal of a runway length of 2500m has been proposed as the optimal length.</i>	<i>Estimated 50 jobs</i>	<i>No funding is committed</i>	<i>Decision needs to be undertaken about the Championship of the airport upgrade &amp; development programme.</i>

## Roads

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>Upgrade of road infrastructure in the City of Mthatha. –Bernard Schultz Drive, Hoadley Avenue, Errol Spring Avenue &amp; Stanford Terrace</b>	R220 Million over 3 years.  Year 1 = R46 Million  Year 2 = R172,35 Million  Year 3 = R1,65 Million	N/A	N/A	DoT and KSD have submitted an application to the DBSA Jobs Fund.	Estimate number of jobs to be created = 500.	No funding commitment.	Assist in securing funding from: <ul style="list-style-type: none"> <li>• COGTA</li> <li>• Department of Transport</li> <li>• Department of Public Works</li> <li>• EC Department of Roads &amp; Public Works.</li> <li>• National Treasury (NDPG)</li> </ul>

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>CBD By-pass Roads</b>  <b>Western: Nqadu West (Phase 2) – <u>3,8km.</u></b>  <b><u>UPGRADE.</u></b>  <b>Eastern: Maiden (Phase 2) - <u>UPGRADE.</u></b>	R65 Million over 2 years.	N/A	N/A	DoT and KSD have submitted an application to the DBSA Jobs Fund.	Estimate number of jobs to be created = 100.	No funding commitment.	Assist in securing funding from: <ul style="list-style-type: none"> <li>• COGTA</li> <li>• Department of Transport</li> <li>• Department of Public Works</li> <li>• EC Department of Roads &amp; Public Works.</li> <li>• National Treasury (NDPG)</li> </ul>

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>Upgrading of the Road Network of Mthatha Town in 13 identified areas.</b>  <b>265.10 km.</b>	R871,215 Million over 5 years.	N/A	N/A	Assessment of the condition of the network has been completed.	Estimate number of jobs to be created = 2000.  Semi-skilled = 350. Skilled = 150.  Unskilled = 1500.	90% of Mthatha surfaced road network has deteriorated beyond pothole repair requirements. Insufficient financial & skill resources to rehabilitate and resurface the roads.	Assist in securing funding from: <ul style="list-style-type: none"> <li>• COGTA</li> <li>• Department of Transport</li> <li>• Department of Public Works</li> <li>• EC Department of Roads &amp; Public Works.</li> <li>• National Treasury (NDPG)</li> </ul>

## Housing

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
Pre-planning & Planning (P1 & P2) for the 6500 units on 250 hectares (Internal bulk services and the top structures.)	R24,059 Million over 2 years.	N/A	N/A	Funding application was submitted to the EC DoHS in July 2011.	N/A	N/A	N/A



## Water

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
Design and construction of Raw water mains and upgrade of Thornhill	Year 1 = R200,390 Million	N/A	N/A			No funding commitment.	
Construction of Bulk mains and reservoirs from Thornhill to Signal Hill	Year 2 = R361,525 Million	N/A	N/A			No funding commitment.	

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
Construction of Bulk mains and reservoirs from Signal Hill to Ncambedlana Supply Zone	Year 3 = R320,6 Million	N/A	N/A			No funding commitment.	
Construction of Ncambedlana zones infrastructure upgrade	Year 4 = R114,5 Million	N/A	N/A			No funding commitment.	

## Sanitation

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>Upgrade treatment plant to 20 MI per day</b>	Year 1 = R13,5Million	N/A	N/A			No funding commitment.	
<b>Construction of Northern outfall sewer</b>	R100, Million over 2 years	N/A	N/A			No funding commitment.	
<b>1 x aeration basin/reactor and 1 x clarifier</b>	Year 1 = R25 Million	N/A	N/A			No funding commitment.	

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
1 x aeration basin/reactor and 1 x clarifiers	R45 Million over 2 years.	N/A	N/A			No funding commitment.	
Additional module or new works	R200 Million over 2 years.	N/A	N/A			No funding commitment.	
Replace existing old sewer network/reticulation	R85,5 Million over 2 years.	N/A	N/A			No funding commitment.	
Provision for bulk sewer for future development	Year 5 = R38,6 Million.	N/A	N/A			No funding commitment.	

## Electricity

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>Upgrade of Electricity Primary Network (66kV)</b>	<p>R96,46 Million over 3 years.</p> <p>Year 1 = R 53,760 Million</p> <p>Year 2 = R 20,000 Million</p> <p>Year 3 = R 22,700 Million</p>	N/A	N/A	<p>Business plans submitted last year and this year with re-alignment with the latest requirements with the total BNG housing electricity demand.</p> <p>DoE has verbally committed:</p> <p>R47,27 Million for bulk infrastructure. R75 Million for electrification of the 6500 units BNG units.</p>	Estimated 20 jobs per year.	<p>Operational risk, a catastrophic failure in Thornhill may leave community without water &amp; electricity for a long period of time.</p> <p>Confirmation of funds released to engage with the ordering of long lead items, designing and implementation</p>	DoE needs to assist with sourcing the required resources.

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>Upgrade Electricity Secondary Network (11kV)</b>	R 45 Million over 4 years.  Year 1,2,3&4 = R 11,250 Million per year.	N/A	N/A	Initial assessment was done.  Need to develop business plans with details information	Estimated 20 jobs per year.	Need rehabilitation to lessen the outages and high impact failures.	DoE needs to assist with sourcing the required resources.
<b>Upgrade Electricity Distribution Network</b>	R 86 Million over 4 years.  Year 1,2,3&4 = R21,250 Million.	N/A	N/A	Initial assessment was done. Need to develop business plans with details information	Estimated 20 jobs per year.	Need rehabilitation the lessen outages and high impact failures	DoE & COGTA need to assist with sourcing the required resources.

## COMMITMENTS

### Housing

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
(EC HS) Ngangelizwe Informal Settlement Upgrade & Human Settlement Redevelopment Project.	R1,053 Billion	Dec. 2007	March 2014	MoA signed between the EC HS & KSD on the 19 <sup>th</sup> November 2007 for 17450 mixed mode housing development.	Not worked out yet.	Availability of adequate land & the provision of bulk infrastructure to support a development of this magnitude.	

## Electricity

PROJECT IDENTIFIED AND LOCATION	PROJECT VALUE	TIME FRAME		PROGRESS	NO. OF JOBS CREATED (Designated Groups)	KEY CHALLENGES	UNBLOCKING MEASURES
<b>Bulk infrastructure.</b>	R47,27 Million			Verbal Commitment from DoE.	N/A	National Treasury & NERSA to agree for the transfer of the EDI Holdings unspent funds to DoE.	Written confirmation required from DoE.
<b>Electrification of the 6500 BNG units.</b>	R75 Million			Verbal Commitment from DoE.	N/A	Dependent on the implementation of the BNG houses.	Written confirmation required from DoE.





## CHAPTER 8: MONITORING AND EVALUATION

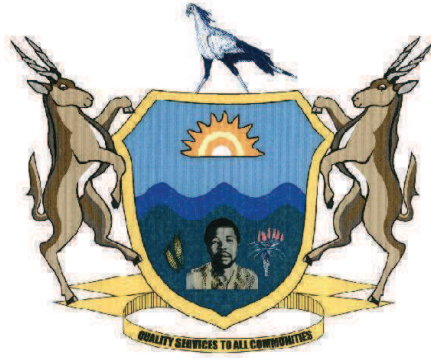


## PORTFOLIO OF EVIDENCE

### LOCAL ECONOMIC DEVELOPMENT

Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Local Economic Development department:

Head of Department:	Richard Mnqokoyi Ground floor Public Works Building (047) 501 4290
Personal assistant:	Christelle Grimmet Ground floor Public Works Building (047) 501 4269
LED Officer: (primary contact)	Pamela Bongoza Ground floor Public Works Building  (047) 501 4276



## PORTFOLIO OF EVIDENCE

### BUDGET AND TREASURY / FINANCE

Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Finance department:

Chief Financial Officer:	Jonothan Jackson 1 <sup>st</sup> floor Munitata Building Contact number 083 987 4322
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General Manager: Finance: (Primary contact)	Eric Jiholo 2 <sup>nd</sup> floor Munitata Building Contact number 083 288 1096 Telephone extension 4374
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## PORTFOLIO OF EVIDENCE

### CORPORATE SERVICES DEPARTMENT

Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Corporate Services department:

Head of Department:	Mondli Songca 3 <sup>rd</sup> floor Munitata Building
Assistant Manager: HR (Primary contact)	Xobani Pako 3 <sup>rd</sup> floor Office Munitata Building Telephone extension 4257
Employee Wellness:	Xoliswa Momoza and Victor Letula 3 <sup>rd</sup> floor Office 327 Munitata Building Telephone extension 4119
Labour Relations:	Matrose Xhona 3 <sup>rd</sup> floor Office 323 Munitata Building Telephone extension 4259

Archives and Registry:	RD Quvile, N. Lubanga and N. Bokwana 3 <sup>rd</sup> floor Office 331, 321 and 312 Munitata Building Telephone extension 4083, 4088 and 4092
Staff Provisioning:	S. Nongadla and B. Mkenene 3 <sup>rd</sup> floor Office 313 Munitata Building Telephone extension 4046
Conditions of Service:	EK Swelindawo and N. Pokwana 3 <sup>rd</sup> floor Office 303 and 313 Munitata Building Telephone extension 4367 and 4394



## PORTFOLIO OF EVIDENCE

### HUMAN SETTLEMENTS DEPARTMENT

Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Human Settlements department:

Chief Housing Officer:	L. Mkwali 2nd floor Munitata Building Telephone extension 4070
Development Control Officer: (Primary contact)	Mike Merry 2nd floor Munitata Building Telephone extension 4021
Building Manager:	M. Qina 2nd floor Munitata Building Telephone extension 4177



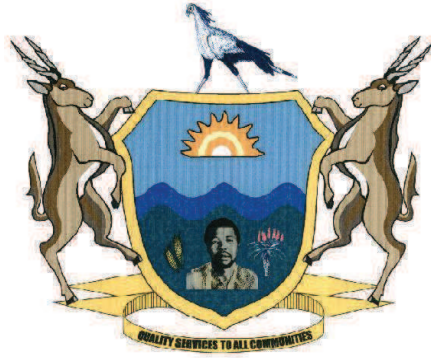
## PORTFOLIO OF EVIDENCE

### INFRASTRUCTURE DEPARTMENT

Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Infrastructure department:

Deputy Director: Infrastructure	Narendra Seraj 2nd floor Munitata Building Telephone extension 4062
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Manager: Electricity	Peter Corbett KSD Electrical Division Vulindlela Heights Contact number 083 590 9376
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## PORTFOLIO OF EVIDENCE

### COMMUNITY SERVICES DEPARTMENT

Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Community Services department:

Head of Department:	Luvuyo Maka 3rd floor Munitata Building Telephone extension 4312 Contact number 071 569 0058
Senior Administration Officer: (Primary contact)	Zolisa Sigodi 3rd floor Munitata Building Contact number 073 192 6948
Manager: Solid Waste	Gladstone Mkaba 3rd floor office 345 Munitata Building Contact number 083 378 6585
Manager: Libraries	T. Momoza Contact number 083 247 3127 Contact number 082 431 2764



Manager: Environmental Health

Ms. Gexa  
3rd floor office 349  
Munitata Building  
Contact number 084 390 2187

Manager: Primary Health

Mrs. P. Msiwa  
Stanford Terrace Clinic  
Contact number 083 417 0894



## PORTFOLIO OF EVIDENCE

### PUBLIC SAFETY AND SECURITY DEPARTMENT

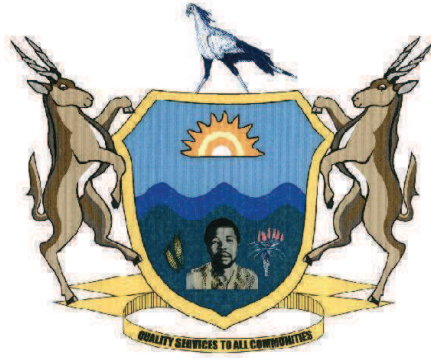
Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Public Safety and Security department:

Head of Department:  
(Primary contact)

Luvuyo Maka  
3rd floor  
Munitata Building  
Telephone extension 4312  
Contact number 071 569 0058

Administration manager:

Lindi Nyoni  
3rd floor  
Munitata Building  
Telephone extension 4315  
Contact number 078 131 2191



## PORTFOLIO OF EVIDENCE

### URBAN RENEWAL PROGRAMME

Please note that, due to the excessive volume of paperwork involved here, the documentation presented in this portfolio is not complete. For any assistance in obtaining the relevant supporting documentation for any achievement listed in the annual performance report please contact any of the following personnel in the Urban Renewal Programme:

Head of Department:  
(Primary contact)

Monwabisi Mbana  
2<sup>nd</sup> floor  
Munitata Building  
Contact number 082 333 6650

## **URBAN RENEWAL PROGRAMME**

It has become increasingly demanding that integration and coordination of activities arising out of the operationalisation and institutionalization of the 2030 Vision Master Plan have to be core in the functioning of the programme. The commencement of duty on 01 February 2010 by two programme coordinators has been a welcome relief to enhance the necessary coordination.

### **Municipal Transformation and Institutional Development**

The municipality's core Urban Functional Areas are Mthatha and Mqanduli. The programme coordinator's allocations have been respectively aligned – one for Mthatha and one for Mqanduli. The first level functional structure below each of the programme coordinators has been aligned with the system master plan – River, Street, Market, Home and People. The organisational structure has been adjusted so that it can deliver the socio-economic development in the manner envisaged in the master plan.

### **Service delivery**

The Urban Renewal Programme has ongoing service delivery projects intended to contribute to an acceptable and reasonable quality of life which, if not provided, would endanger public health and safety. The projects are:

- Ngangelizwe clinic – project complete
- Highmast lights – project complete
- Ngangelizwe internal roads (back location) – project 90% complete. The department of Roads and Transport requested that the road be resurfaced.
- Transido renovations – project expected to be complete by November 2011
- Rotary stadium – project complete
- Ngangelizwe BNG – BNG pilot houses were completed and handed over to beneficiaries, by the MEC for Human Settlements in July 2011.

### **Creation of Strategic Partnerships**

The technical team on Presidential Interventions continues with alignment of activities for strategic partnerships. The technical team is headed by the Director General for the Presidency.

### **Local Economic Development**

In the above service delivery issues, local communities are offered opportunities to work together to create conditions for economic growth and employment generation with an overall aim to improve their quality of life. This is a contribution to LED to improve local labour competitiveness, to create local jobs, improve local outcomes and investment in soft infrastructure. The Department of Trade and Industry has committed to give LED support for Transido Tenants as part of a Presidential Intervention programme. Entrepreneur development training was provided for SMME's

### **Financial Management and Viability**

Due to internal financial constraints, funding support for Urban Renewal has mainly originated from external sources. Pursuance of the operationalisation of the master plan still reflects that external public and private investment will still be the only viable option. The Urban Renewal Programme still needs support in this sphere through the appointment of an incumbent who will be responsible for financial management.

### **Good Governance and Public Participation**

Ward councilors within the Urban Renewal Programme are the main conduits on issues affecting the node. Ward councilors provide necessary leadership to communities in selecting labour to be trained in brick production through ECATU. They also provide leadership in project steering committees in other service delivery projects mentioned above and also involve community representatives.

## **PUBLIC SAFETY AND SECURITY DEPARTMENT**

The directorate is awaiting the outcome of placement processes for implementation. A list of critical posts has been submitted to the Human Resources unit to be publically advertised.

- Firefighter vacancies were advertised and short listed. Interviews were conducted but posts have not yet been appointed.
- Motor Vehicle Registration Authority has several unfilled critical posts, some dating as far back as 2005. The directorate has several employees in acting positions. It is evident that the lack of staff is negatively affecting service delivery.

### **Governance**

Joint meetings with other municipalities and other government departments have occurred throughout the year. The directorate is involved in joint forums and operations with, amongst others: South African Police Services, Provincial Traffic Department, Department of Home Affairs, OR Tambo District Municipality, Ethekwini Metro and the City of Cape Town on various issues. Research is being undertaken to make the fire services more efficient in rendering a quality service.

### **Community involvement**

This is ongoing with no set time frames, but a program has been developed. 9 schools were visited and several more school visit appointments made in our public relations fire awareness campaign that covered 17 wards.

The department continues to work with communities with regard to stray animals.

### **Financial Management and Viability**

The department's handling of finances is considered adequate but there are plans in place to improve on the current situation.

### **Local Economic Development**

This department has contributed in the form of reducing loss of life and property, which has a positive impact on job losses and rates collection from businesses that are not affected by fires

Special operations have been conducted focusing on vehicle fitness, documentation, and roadworthiness of public transportation and operating licences.

## **Intergovernmental Relations**

- The eNUG meeting took place in East London during the year. This is a joint meeting where municipalities and the Department of Transport meet to discuss problems relating to transactions
- Drivers License Testing Centers and Motor Vehicle Registration Authorities, together with the province, also attended a meeting in East London during the year.
- The department attended a joint road block with the Provincial Traffic Department, Provincial Road Safety Department and the South African Police Service at Decolign and eLangeni junction and also attended an Arrive Alive prayer. Strong links and better working relations with the Department of Transport have resulted in a reduction in the numbers of accidents
- The Disaster Management unit, together with the Rural Development unit visited wards to determine the stability of temporary structures. The Rural Development unit was requested to expand its services to other needy wards. KSD Municipality should continue to strengthen intergovernmental relationships in order to improve service delivery.
- Continued interaction with the Ethekwini Metro and the City of Cape Town on best practices for fire services and assistance with the training of fire personnel.

## **Transport**

Meetings held with the Department of Transport covered the following topics: moratorium verification and transfer of operative permits, illegal taxi operators, consistency from the Transport Board and the failure of the taxi industry to articulate and implement resolutions taken by the Department of Transport. It was advised that municipalities should develop a database for legal operators and audit the demand and supply of taxi routes so as to respond to applications. Consideration should be given to an increase in communication between the Department of Transport and KSD Municipality Traffic Department.

## **Occupational Health and Safety**

The building used for the Motor Vehicle Registration Authority is considered to be old and generally unsuitable for use as a public service building. Several requests for maintenance have been issued without satisfactory completion.

## **Discipline**

Staff members are always encouraged to conduct themselves in an acceptable manner at work and a continuous communication channel, through monthly staff meetings, has limited staff problems. Generally staff problems are satisfactorily handled at station level.

## **Service Delivery**

Staff have worked to the best of their ability during the year, given the staff shortages. Outlying motor vehicle registration authorities have infrastructure challenges which have increased stress and workload on the main Mthatha registration authority.

The municipal fire service also operates with a depleted staff compliment but has accomplished much during the year through hard work and the effective implementation of community awareness programmes. Businesses have been inspected and generally been found to be willing to cooperate with any recommendations made to them.



## **SOCIAL DEVELOPMENT DEPARTMENT**

### **Transformation and Organisational Development**

The Youth Advisory Council is manned by volunteers, which is considered to negatively impact on the structure's performance. The national Youth Development Agency has sought to train two youths on the agency's standardized operations. Volunteers were sent as there were no permanently employed individuals. The HIV/AIDS benchmarking programme has continued and is expected to be complete in the 2012 financial year.

### **Municipal Social Development Framework**

Key programmes that have been performed include:

- Disability Dialogue at the Town Hall
  - Some key issues raised was to see that all municipal disability programmes are implemented and monitored
  - National programmes for designated groups must be cascaded down and funded by national departments
- Community based projects funded include
  - 22 sport development kits (one per club)
  - 19 community fruit and/or vegetable projects
  - 8 early childhood / preschool centers
  - 5 livestock association support projects
  - 5 poultry projects
  - 3 sewing projects

### **HIV / AIDS Awareness Programme**

A focused HIV / AIDS awareness programme, together with the Department of Health HCT Programme, included a 3 day outreach programme at Nqwati that targeted four schools in the area as well as a candlelight memorial event at the same venue.

### **Financial Viability**

Although the allotted budget is considered inadequate, the department has delivered value for money and kept expenditure to within the budget allocations. There is added budgetary pressure on social needs, especially poverty alleviation issues that must be taken into account.

## **LOCAL ECONOMIC DEVELOPMENT**

### **Transformation and Organisational Development**

The LED and Licensing Development have a high vacancy rate that has negatively impacted on service delivery performance. There is a very limited senior structure within the department.

### **Local Economic Development Framework**

The department has developed and reviewed the following strategies:

- The draft Local Economic Development Strategy was reviewed and submitted to the standing committee for discussion
- The draft Sustainable Tourism Strategy was also developed and issued to the standing committee for discussion
- The draft Informal Trading Policy is planned for discussion with informal traders in July 2011 and thereafter taken to the standing committee for discussion
- The Mqanduli Milling Plant was revamped and successfully tested after milling one ton of grain. Local farmers were accompanied to Limpopo Province for exposure to a grain value chain model where a private milling plant partners with farmers and deals with the marketing element.
- A Kwa-Tshezi Development Forum was initiated to drive development in Coffee Bay. Local traditional leaders were consulted as a priority starting point.
- The Manqondo VIC is a key tourism project that is expected to be completed and handed over in July/August 2011
- The Wonkumuntu Project is also planned for hand-over early in the new financial year
- The Mthatha Dam Recreational Centre is currently in progress and infrastructure is being installed
- An initial meeting was held with the Department of Trade and Industry regarding Presidential Interventions. Resolutions include:
  - The Department of Trade and Industry will assist in strengthening the Socio-Economic Development Strategy
  - KSD Municipality will forward a summary of projects being implemented at different levels
  - The Department of Trade and Industry will assist the municipality in engaging “big business” in Mthatha for joint implementation of the Socio-Economic Development Strategy.

## **COMMUNITY SERVICES DEPARTMENT**

The community services directorate is responsible for the provision of essential services that are acceptable and affordable to all communities.

### **Challenges**

Staff turnover in the primary health care unit is due to a salary gap between Department of Health nursing personnel and municipal nursing personnel

The Provincialisation process was not finalized and the concerns regarding conditions of service were not clarified by the Department of Health, leading to low staff morale. The last subsidy payment was transferred in December 2010 and the Department of Health has indicated that no further transfers will be made until the process is complete.

The directorate has been operating with limited budgetary funding which has negatively affected service delivery

The municipality must acquire new sites for a solid waste landfill and a cemetery

### **Governance**

The directorate has managed to create job opportunities in all of the municipal wards:

- 100 contract workers appointed on a six month contract through funding from the Department of Economic Development and Environmental Affairs.
- 283 contract workers appointed on a 24 month contract through funding from the Department of Economic Development and Environmental Affairs.
- 170 contract workers appointed on a 24 month contract for various projects throughout the municipality.
- A service provider was appointed to provide lifesaving services at Coffee Bay and Hole in the Wall beaches for a period of five months
- 1200 short term contracts were issued for the Mthatha River Cleaning Through Community Works Programme. Funding was received from Teba Bank and the Department of Water Affairs.
- Nine SMME's were engaged to assist with grass cutting in the Mthatha suburbs

These projects have made a positive contribution towards job creation and serve as poverty alleviation opportunities throughout the municipal boundaries.

## **INFRASTRUCTURE DEPARTMENT**

The infrastructure department's function within the KSD Municipality exists to see and ensure the implementation of service delivery goals by the municipality. The department has five divisional departments, namely: PMU, Electrical Department, Mechanical Workshop, Roads and Works and Administration. The day to day operations of the department are meant to contribute toward the five key performance areas prescribed under Section 46 of the DCGTA.

The department is involved in the following projects:

- Municipal roads and storm-water
- 1500 m<sup>2</sup> of potholes have been repaired in the dedicated patching program
- 50 km of rural gravel roads have been maintained through blading and compaction
- 10 km of municipal roads have been repaired under the PMU
- 30 MV faults have been repaired around Mthatha
- 20% of planned transformer installations have been completed
- 100 new street lights have been planted
- 1 electrical kiosk installed in the CBD
- The municipality has awarded a contract to upgrade the Hillcrest substation underground cable.

### **Challenges**

Staff shortages negatively impact on service delivery. Limited budgetary funds do not allow for complete rehabilitation of roads and limits the municipality to constantly repairing potholes. The department functions with limited equipment, specialised tools and vehicles. The use of electrical equipment for the purpose other than what it was designed for has caused frequent power failures and damage to the equipment. Shortage of stock at municipal stores

The following personnel positions are vacant:

- Director: Infrastructure
- Secretary to the Director
- Project administration officer (PMU)
- Project design technician (PMU)
- Roads manager
- Urban roads superintendent
- Rural roads superintendent
- Civil engineering technician (x 2)
- Foreman for roads section (x 2)
- Drivers (x 3)
- Tipper truck drivers (x 2)
- Departmental transport clerk

## HUMAN SETTLEMENTS DEPARTMENT

The human settlements department exists to control and guide land use management, promote development of sustainable human settlement as well as regulating building construction within the municipal jurisdiction. The division entails three sections: Town Planning, Housing and Building Control. The day to day operations are meant to contribute towards the five key performance areas prescribed under Section 46 of the DCGTA.

### **Current projects include:**

Maydene Farm

The project was approved in 1998 as a project linked subsidy of R 15 000 per site. A geo-technical allowance of 15% was also granted and this increased the subsidy to R 17 250 per site. The construction of services was R 7 500 per site and R 1 150 per site was allocated for consulting fees leaving a balance of R 8 600 per unit cost. A total of 889 houses were built to completion in the PHP programme.

The balance of 80 units was for people who had partially qualified and as such, additional funding from the Department of Housing was requested. The amount received was R 1.4 million and in December 2009, tenders invited came out to R 3 million. In November 2010, a new submission was forwarded to the Department of Housing for additional funding. There has been no response as yet.

### **Current status:**

Houses completed	889
Houses under construction	10
Vacant sites	70
Transfers paid	919
Transfers outstanding	50
Budget spent	R 17 037 064
Budget available	R 1 767 306

### **Challenges:**

Roads need maintenance. Water and sanitation points need maintenance. The sub-division of three general sites into 15 residential sites needs verification with the Townships Board. Additional funding is required for the 80 additional units.

## Zimbane Valley Housing Project

This project was approved in 1997 for 2332 units at R 15 000 per site. Due to a land invasion, the number of available units was reduced to 1482. The subsidy was later increased to R 20 300 per unit.

This township is comprised of three extensions: Ext. 75, 76 and 77. The township layout for extension 77 expired whilst the delay in building of houses was encountered. KSD Municipality is busy with the process to revive this township application so that transfers can be made.

### Current status:

Houses completed	1280
Houses under construction	180
Houses damaged by tornado	22
Transfers paid	1324
Budget spent	R 45 542 012
Budget still available	R 333 788

### Challenges:

The unoccupied and incomplete houses experience regular vandalism. Water and sanitation points require regular maintenance. There is a lack of internal roads and storm-water drainage systems. 22 houses were damaged by a tornado in December 2010.

## Illitha Housing Project

This project was approved in 2002 for 463 units at R 15 000 as a project linked subsidy. The subsidy was later increased to R 20 300 and the houses were built through the PHP programme.

### Current status:

Houses completed	388
Houses under construction	44
Houses damaged by tornado	31
Transfers paid	418
Budget spent	R 15 941 350
Budget still available	R 3 585 102

### Challenges:

Internal roads and storm-water drainage systems need to be built. Sewerage systems require regular maintenance.

## Waterfall Park Phase IV

This project was approved in 1997 as a project linked of R 15 000 per site. A geo-technical allowance of 15% was granted. The project was later converted to a PHP programme.

Current status:

Houses completed	450
Houses vandalized	5
Transfers paid	443
Budget spent	R 9 019 408
Budget still available	R 85 600

Challenges:

Water and sanitation points require regular maintenance. There is a lack of internal roads and storm-water drainage systems. 22 title deeds need to be registered and/or re-registered on the new sites. Vandalized houses need to be repaired – Arcuss Gibb has been approached to provide the necessary repairs.

## Waterfall Consolidation Phase II

This project was initiated by the KSD municipality but due to insufficient funds, the Department of Housing took over the function of developer. The consultants and contractors are appointed by the Department of Housing to construct the houses. To date, 45 houses have been completed.

### Mvezo Planning and Surveying

The project commenced in April 2010. It has been categorized into three phases: social facilitation, surveying and planning.

The three phases have been satisfactorily completed. The layout plan requires council and provincial government approval after which, the sites will be surveyed and a general plan submitted to the Office of the Surveyor General for finalization of the project.

### Langeni Planning and Surveying

The project commenced in March 2010. The cadastral plan and layout plans were completed. The layout plan was then work-shopped to the community for their approval. As per the memorandum of understanding between the Mhlontlo Municipality and KSD Municipality, the layout plan also requires the Mhlontlo Municipality council approval after which, the provincial government approval is required. A challenge, in the form of a current land lease agreement, has been identified which is complicating the issues of ownership.

## Mthatha West

### Current status:

A meeting was held on March 3<sup>rd</sup> 2010, with the Department of Rural Development, to discuss the revival of the Mthatha West development into a formal township. It was agreed that the KSD Municipality should address a formal letter to the Department of Rural Development and Land Reform and request that the original budget of R 37.5 million be made available to allow the project to proceed. This letter was drawn up and sent. Subsequent to this, the Department requested that the District Screening Committee become involved in the matter. The municipality is awaiting response from the Department regarding the availability of funds.

### BNG Project Programme

#### Show houses:

The six hydrafoam houses are complete and five are occupied. A final decision needs to be made on the fate of the sixth house.

#### Innovation hub:

A request was received from the Provincial Department of Human Settlements to identify land for the construction of an “Innovation hub” to showcase alternative house designs for the region. A site has been identified and allocated – north of Sotho Road in Ngangelizwe and three alternative technology show houses have been built here.

#### 194 In situ pilot houses:

Alternative house design options have been presented to the communities in Wards 1, 2 and 3. Ward 1 has opted for the hydrafoam construction. Ward 2 has opted for Masizame design while Ward 3 has yet to make a decision. No application has been submitted for the funding of the 200 pilots as it was decided that the PDOHS would be in a better position to organise the funding and hence be the developer. A letter was serviced from PDOHS with this proposal for consideration by Council.

#### Implementing agent:

The implementing agent has been appointed to build 6500 subsidy homes in the BNG mould. The implementing agent is a consortium led by Stedone Developments. An agreement has been signed and a prioritization model developed for all the vacant land identified in the Sustainable Development Plan. This model caters for all of the 17 450 sites pledged in the memorandum of understanding between the Provincial Department of Human Settlements and the KSD Municipality



## BUDGET AND TREASURY

The municipality budgeted for R 539.4 million for revenue but was only able to record R 520 million. The shortfall was noted as a decrease of R 24 million in grants and subsidies. This can be ascribed to the under-spending of grants as grant revenue may only be recognized once funds have been spent. Positive variances have been noted due to excesses in rates and electricity receipts. The department notes with concern the contribution from rental of facilities which has not met with initial expectations.

Refer to the table below:

	2010/11 Annual Budget R '000	2010/11 YTD Budget R '000	2010/11 YTD Actual R '000	2010/11 Variance R '000	2010/11 Variance %
<b>Revenue</b>					
Property rates	120 341	120 341	122 589	2 248	2
Electricity receipts	184 491	184 491	186 714	2 222	1
Refuse removal	19 593	19 593	20 075	482	2
Rental of facilities and equipment	13 442	13 442	12 276	-1 167	-9
Interest earned – external investments	2 311	2 311	2 277	-33	-1
Interest earned – outstanding debtors	16 804	16 804	22 086	5 282	31
Fines	1 785	1 785	1 936	151	8
Licensing and permits	11 880	11 880	11 959	79	1
Revenue for agency services	-	-	-	-	0
Government grants and subsidies	158 162	158 162	134 384	-23 779	-15
Government grants and subsidies Capital	-	-	-	-	-
Other revenue	10 115	10 115	5 759	-4 356	-43
Gain on disposal of assets	500	500	-	-500	-100
<b>Total Revenue</b>	<b>539 424</b>	<b>539 424</b>	<b>520 055</b>	<b>-19 368</b>	<b>-4</b>

The actual spending of the budget to date for operational expenditure is as follows:

Category	Budget	Year to date	Percentage spent to date	Variance	Variance %
Operating expenditure	539.4M	493.5M	91.4%	45.9M	8.5%

The following trends are noted:

- The under-expenditure on employee costs can be attributed to a number of vacant senior management posts
- Bad debt and depreciation provisions have not been finalized and are dependant on the annual financial statements
- The repairs and maintenance under-spending is cause for concern
- The general expenditure is underspent by R16 million
- Provisions for doubtful debts, depreciation and other employee related cost have not been included here

Key Performance Area	Service delivery & Socio-Economic	Functional Area/Department	URBAN RENEWAL PROGRAMME		
Performance Report for the 1 <sup>st</sup> Quarter – July 2010 to September 2010					
Measurable Objective	Key performance Indicator (KPI)	Projects / Major Activities	Budget	Progress to date	Target
Contributing to Market System and People System of KSD Master Plan in order to improve Socio-economic conditions.	No extension of delivery time expected	Extension and alterations of Ngangelizwe Health Centre.		The project started in July 2009 and is running on schedule. An expected completion date is October 2010.	90 % Complete. Targets have been met as planned.
	Extension of time expected	Renovations of Transido Complex.		The project started in July 2009 and is running behind schedule, being on the construction of a temporal structure. There are technical problems encountered in this project and investigation is underway. There are engagements with LED and ECDC for future operations of Transido Complex.	40 % complete
	To be fully functional	Renovations of Ngangelizwe Swimming Pool main block. Acquiring of expertise for the design and costing of Ngangelizwe Swimming pool.		Repairing of cracked walls, scrubbing and clearing of floors have been done. Windows have been installed. There are continuous engagements with various stakeholders for its functionality. Nine jobs created from local community. Electricity, plumbing and ceiling are outstanding as they were not included on quotation specification.	80% complete
	To be fully functional	Upgrading of Soccer Fields		Survey Mbuqe Extension soccer field is in procurement process for appointing surveyors.	10 % progress
	Functional Taxi Rank	Jubilee Square Development		The project is running behind schedule due to budget shortfall. Contractor to restart working on 13 October 2010. Second phase will follow after completion of phase one.	75% Complete
Contributing to the Street System of the KSD Master Plan.	Cleaning and Clearing of Ngangelizwe Pavements	Clean Pavements		Service Provider has been appointed for maintenance cleaning of Ngangelizwe side walks and pavements. A plan is to utilise Cooperatives in future.	80% progress

	Upgrading of Boundary Rd	Construction of Road		Contractor has been appointed and is in site. Project Steering Committee was established there is progress on site.	40% progress
Contributing to the Human Settlements for the achievement of Home System.	Improved low cost houses	Construction of 6 BNG pilot houses		The project completion date has been extended due to delays. Waiting for electrification and water supply. Handover is expected in November 2010. Besides Pilot houses, 6 showrooms have been built.	90 % complete
Contribute to People System of KSD Master Plan.	Strategic Partnerships will be created	Create Strategic Partnerships Mqanduli urban development Draft Interim Business Plans		Business Plans have been revised based on Original ones and 2010/ 2010 SDIBIP.	20% Complete
Institutionalisation of Master Plan	Established team  Coordinated Systems  Stakeholder involvement	Establish work streams for Mthatha and Mqanduli in respect of River, People, Street, Home and Market Systems   Public Participation		Political Champions have been appointed. One work stream has been established so far. Terms of reference for work streams are available as draft.  Two appointed coordinators are coordinating the establishment of these work streams.  Community Meeting was held at Ikwezi Extension with Executive Mayor. Meeting was about Urban Developmental programmes. A commitment was made for the installation of the High Mast Lights.	20 % complete

Key Performance Area	Service delivery & Socio-Economic		Functional Area/Department	URBAN RENEWAL PROGRAMME	
Measurable Objective	Key performance Indicator (KPI)	Projects / Major Activities	Budget	Progress to date	Target
Contributing to Market System and People System of KSD Master Plan in order to improve Socio-economic conditions.	No extension of delivery time expected	Extension and alterations of Ngangelizwe Health Centre.		The project started in July 2009 and is running on schedule. An expected completion date was October 2010. Fencing and signage is outstanding.	99 % Complete. Targets have been met as planned.
	Extension of time expected	Renovations of Transido Complex.		The project started in July 2009 and is running behind schedule, being on the construction of a temporal structure. There are technical problems encountered in this project and investigation has been undertaken. There are engagements with LED and ECDC for future operations of Transido Complex.	45 % complete
	To be fully functional	Renovations of Ngangelizwe Swimming Pool main block. Acquiring of expertise for the design and costing of Ngangelizwe Swimming pool.		Repairing of cracked walls, scrubbing and clearing of floors have been done. Windows have been installed. There are continuous engagements with various stakeholders for its functionality. Nine jobs created from local community. Electricity, plumbing and ceiling are outstanding as they were not included on quotation specification.	80% complete
	To be fully functional	Upgrading of Soccer Fields		Survey Mbuqe Extension soccer field is in procurement process for appointing surveyors.	10 % progress
Contributing to the Street System of the KSD Master Plan.	Functional Taxi Rank	Jubilee Square Development		The project has been running behind schedule due to budget shortfall. That is resolved and the contractor will start in January 2011. Second phase will follow after completion of phase one.	70 % progress
	Cleaning and Clearing of Ngangelizwe Pavements	Clean Pavements		Service Provider has been appointed for maintenance cleaning of Ngangelizwe side walks and pavements. A plan is to utilise Cooperatives in future.  Contractor is progressing very well in site. Project Steering Committee was established there is progress on site.	100 % progress

Contributing to the Human Settlements for the achievement of Home System.	Upgrading of Boundary Rd	Construction of the road		Local community is also benefiting in employment. Ikwezi Library is complete and officially opened by Hon MECs, Ms P. Majodina of Public Works and Ms Tom of Recreation, Sport, Art and Culture. It now fully operationally.	70% progress
	Establishment of libraries	Construction of Ikwezi Zola 7 Library		Construction is in progress. This is supported by Department of Public Works	100 % complete
	Improved low cost houses	Construction of Makhenkesi Stofile Library		The Pilot project is complete and beneficiaries have occupied their houses in December 2010. Human Settlement is now running the development of the housing.	70% complete
		Construction of 6 BNG pilot houses			100 % complete
Contribute to People System of KSD Master Plan.	Strategic Partnerships will be created	Create Strategic Partnerships Mqanduli urban development Draft Interim Business Plans		Local Strategic Partnership Organizing Committee has been established to organise and prepare for the launch of Local Strategic Partnership (LSP). Business Plans have been revised based on original ones and 2010/ 2011 SDBIP. Expenditure Plans for LGTA Grants have been submitted for approval.	40% Complete
Institutionalisation of Master Plan	Established team	Establish work streams for Mthatha and Mqanduli in respect of River, People, Street, Home and Market Systems		Political Champions have been appointed. Two work stream workshops have been conducted so far. Terms of reference for work streams are available as draft.	40 % complete
	Coordinated Systems	Coordination of the Master Plan		URP coordinators are coordinating the establishment of these work streams in partnership with DBSA. Two Coordinators attended an Intergovernmental Relations Coordination to Enhance Service Delivery Workshop.	

	Stakeholder involvement	Public Participation		Community Meeting was held at Ikwezi Extension with Executive Mayor. Meeting was about Urban Developmental programmes. IDP meetings in Urban Nodes were conducted by URP and IDP unit. Various stakeholders participated in River System and Street System workshops.	
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Key Performance Area	Service delivery & Socio-Economic		Functional Area/Department	URBAN RENEWAL PROGRAMME	
KEY PERFORMANCE INDICATOR (KPI)	OBJECTIVES	PROJECTS / MAJOR ACTIVITIES	BUDGET	TARGET	PROGRESS TO DATE
Contribution to the Market System and People System of KSD Sustainable Development Plan	Improved Health Standards	Extension and alterations of Ngangelizwe Clinic	R 25 m	JUNE 2010	100 % and it was officially opened in March 2011
	Improved Socio Economic Standards	Extension and Renovations of Transido business Hub	R 27 m	AUG 2011	The project is now progressing very well and expected to be completed in August 2011
	Improved Socio Economic Standards	Upgrading of Sports field in Mbuqe Extension	R 183 000	FEB 2011	100 % complete
	Improved Early Child wood Development	Provision of children play grounds at Ikhwezi Township	R 159 000	MARCH 2011	70 % complete
	Improved Socio Economic standards	Upgrading of Kweza Sports field in Ngangelizwe	R 145 000	FEB 2011	10 % complete, assumed that an appointed contractor has no means to complete the project.
	Improved Socio Economic standards	Renovations at Ngangelizwe Swimming Pool Hall (Phase 1 and 2)	R 254 000	FEB 2011	100 % complete, local boxing club is temporally in use of the building for training
	Improved Socio Economic Standards	Fencing of Makhenkesi Library in Mqanduli	R 186 942.90	FEB 2011	90 % complete
Contribution to the Street System	Cleaning and Clearing of URP Node	Purchase of 10 Grass Cutters and Chain Saw	R 85 700	DEC 2010	Grass cutting in the Nodes is ongoing
Institutionalization of Master Plan	Establish working teams for all the 5 System	Workshops facilitated by Afesis Corplan are underway	DBSA	MARCH 2011	Integrated work teams established
Public Participation	Launch of Urban	Launch of Ngangelizwe	R 252 000	MARCH 2011	

	Renewal Projects	Clinic and Boundary road			
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Key Performance Area	Service delivery & Socio-Economic		Functional Area/Department	URBAN RENEWAL PROGRAMME	
KEY PERFORMANCE INDICATOR (KPI)	OBJECTIVES	PROJECTS / MAJOR ACTIVITIES	BUDGET	TARGET	PROGRESS TO DATE
Contribution to the Market System and People System of KSD Sustainable Development Plan	Improved Socio Economic Standards	Extension and Renovations of Transido business Hub	R 27 m	AUG 2011	The project is now progressing very well and expected to be complete in August 2011
	Improved Early Child wood Development	Provision of children play grounds at Ikhwezi Township	R 159 000	MAY 2011	100 % complete
Contribution to Home System	Launch of BNG project	Construction of 17500 units	R 80 000	MAY 2011	Completed
Contribution to Market System	SMME development	Entrepreneurship Skills Development	R 183 00	JUNE 2011	Completed
	Local Economic Development	Dept of Trade and Industry (DTI) LED Support for Transido beneficiaries	R 50 000	JULY 2011	Preparatory report underway
	Improved Socio Economic standards	Upgrading of Kweza Sports field in Ngangelizwe	R 145 000	JULY 2011	50 % complete, assumed that an appointed contractor has no means to complete the project.
	Improved Socio Economic standards	Assessment and Design Drawings for Ngangelizwe Swimming Pool	R 179 000	JULY 2011	Completed.
	Improved Socio Economic Standards	Fencing of Makhenkesi Library in Mqanduli	R 186 942.90	JUNE 2011	Completed
Contribution to the Street System	Improved street conditions	Cleaning and grass cutting, URP nodes	R 29 000	Ongoing	Grass cutting in the Nodes is ongoing
Institutionalization of Master Plan	Establish working teams for all the 5 System	Workshops facilitated by Afesis Corplan are underway	DBSA	SEPTEMBER 2011	Integrated work teams established
Public Participation		Launch of KSD Local Strategic Partnership	R 80 000	SEPTEMBER 2011	Preparations on the way



LG KPA		Financial Viability		Functional Area/ Department		Finance			
Key Performance Area (KPA)	Measurable Objective	Key Performance Indicator (KPI)	Projects/ Major Activities	Baseline	Quarterly Projected Targets				Actual Performance
					Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1
Revenue Management	To increase own revenue by 30% over 3 years	Revenue enhancement strategy document	Draft strategy document	<i>No Strategy document</i>		Document complete			
	All revenue is billed	% of revenue billed against projection	Electricity Meter audit; Supplementary Valuation; Direct revenue assessment/audit	<i>Property rates - 100% in July; Service charges monthly</i>	Property rates - 100%; Electricity & refuse 3/12	Electricity & refuse 6/12	Electricity & refuse 9/12	Electricity & refuse 12/12	Billing for first quarter done. To expedite distribution of statements, CAB holding was appointed for two months for printing and mailing statements
	95% on current collections; 60% on debt collections	% increase in debt collection	Bigen Africa - Credit control management	<i>Current collection debt collection rate</i>	30%	60%	80%	100%	See report on collection rates
	Accurate Billing	% reduction in incorrect billings	Data Cleansing. Analysis of meter readings	<i>3% of billing incorrect</i>	50% of incorrect billings	50% of incorrect billings	0%	0%	Process no yet started due to audit process

Asset Manage ment	Assets are complete and correctly valued	% completion of Asset register	Asset register update	<i>Asset register is 90% complete</i>	95%	100%			Assets verified by Asset Management Team, but still continuing with the project.
	Asset register is GRAP compliant	GRAP related audit findings	Update of the infrastructure register	<i>Impairment and residual values not identified</i>		100%			From the audit process it is critical to get a service provider to assist in the compilation of information in terms of the various GRAP requirements, as the requirements need technical expertise

	Assets are used optimally	Revenue generated from assets quantified by category	Full maintenance lease project and analysis of investment properties	<i>Revenue from properties not representative investment in properties</i>			100%		
Budgeting	To prepare and manage budget in line with the IDP priorities and NT regulations	Work completed towards the preparation and submission of an IDP aligned and NT compliant budget		<i>Budget not fully aligned with IDP, not fully compliant with NT regulations</i>		Process plan	Budget meetings - proof of discussion on alignment of IDP and Budget	Final IDP and Budget document approved - aligned	
	Meet MFMA deadlines to budget preparation	Tabling and approval deadlines met	<i>Deadlines met. Ongoing target</i>				Draft budget and IDP documents tabled in council	Final IDP and Budget document approved	Budget process Plan approved by council
Accounting & Reporting	To ensure all statutory reporting is compliant with NT regulations and duly submitted	Progress towards fully compliant statutory reports	Customisation of NT Budget templates for in-house reporting	<i>Reporting not fully compliant with regulatory requirements</i>		Final standard monthly reporting template in place	Report template used	Report template used	Reports are customized by national treasury. Monthly Reports will be in the prescribed format
		Duly submitted statutory reports		<i>Reporting not submitted in time</i>	Monthly Reports & Annual Financial Statements	Monthly Reports	Monthly Reports	Monthly Reports	AFS submitted on 31 August
Free Basic Service	To ensure that all indigent households benefit from FBS	% increase in the number of indigent households benefitting from FBS	Update indigent register	<i>% of households benefitting from FBS not yet quantified</i>		50%	70%	100%	Adjudication process completed. Roll out to begin in December
Expenditure	Expedite payments of all municipal obligations timely	Creditors and Payroll reconciliations	Monthly reconciliations	<i>recons not done timeously</i>	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	All monthly reports for Creditors and Payroll Reconciliations completed

	Comply with all statutory returns	All statutory returns completed and submitted - SARS and Labour	VAT returns and other SARS returns	<i>Returns done - improve to full compliance</i>	Monthly returns	Monthly returns	Monthly returns	Monthly returns	Monthly VAT and Tax returns completed.
	Maintain a proper filing system	Archive all old documents and filing system introduced on current documents	Offsite storage in reputable document warehouse	<i>Documents not properly managed and maintained</i>		Appointment of Document management company	All 3 years and older documents archived; Current documents filing system in place	Maintain archived documents and filing systems	
Supply Chain Management	Ensure efficient and effective demand and acquisition management that are compliant to the SCM Prescripts	No of funded vacant post that are filled in units	Staffing the SCM section	<i>All staff in acting capacity</i>		2 posts	3 posts		Interviews conducted for Demand and Acquisition Management Officers, but still awaiting for the final outcomes.
		Procurement plans that are in line with the SDIP of the Municipality	Conduct Sessions will all Department of the Municipality to craft the Procurement Plans	<i>SCM policy and procedures last updated in 2005</i>			Annual Procurement Plans		
		No of Suppliers that are registered in the Data Base per classification	Updating and maintenance of the supplier database	<i>Database not yet finalized</i>	monthly	monthly	monthly	monthly	Supplier Data base updated on a daily basis with new Suppliers
		Price index or catalogue for the Municipality	Assessing the level of Demand vs. supply	<i>No supplier handbook</i>				Complete Price Catalogue	

		Number of SCM policies that have been developed, work-shopped and approved	Review of SCM policy and procedures	<i>No supplier handbook</i>	Quarterly	Quarterly	Quarterly	Quarterly	Proposals on the appointment of Bid Committees completed and their areas of delegations in terms of SCM policies.
		Finance Forum to discuss finance and SCM Matters	Presentation of SCM matters to the Finance Forum	<i>No Finance forum in place</i>	monthly	monthly	monthly	monthly	Memorandum to the Accounting Officer requesting the establishment of such Forum written for his approval
		Automated Procurement System that will create electronic memo, electronic requisition, e-filing system	Establishment of a task team and project plan to implement the system	<i>Manual system used</i>			Automated Procurement System		Presentation Meeting with SITA held and concept document approved by the Accounting Officer
		Percentage of Non-personnel budget spent on SMMEs', BBBEE in terms of HDI status	Appointment of Bid Committees and issuing of SCM delegations	<i>Stats currently not compiled</i>	5%	10%	20%	25%	76,3 million spent on HDI during this Quarter
		Number of Officials trained in SCM	Organize a training for all Section 57 Managers and other Managers and SCM staff.	<i>Staff trained annually, but not yet grasping all requirements</i>				All Managers trained	
Organisation Transformation and Institution	All Finance Staff to attend development training courses	Number of relevant staff trained per the work place skills plan	Advanced computer literacy training - Microsoft Excel, Word, Computer Systems	<i>Included in workplace skills plan for all finance staff</i>		40%	80%	100%	

al develop ment			MFMA awareness	<i>No structured training</i>		40%	80%	100%	
			GRAP training	<i>Annual updates attended</i>			100%		
Good Governance and Public Participation	Update finance procedure manual	Updated procedure manual and workshops conducted or arranged	Appointment of service provider to assist in compilation of procedure manual	<i>Procedure manual not fully updated</i>			50%	100%	
	Public Participation on budget and service delivery programmes	Number of public participation initiatives	Attend Budget and IDP outreach programmes	<i>IDP not fully aligned to budget</i>			IDP and Budget Process	Finance Policies	

LG KPA		Financial Viability		Functional Area/ Department		Finance			
Key Performance Area (KPA)	Measurable Objective	Key Performance Indicator (KPI)	Projects/ Major Activities	Baseline	Quarterly Projected Targets				Actual Performance
					Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 2
Revenue Management	To increase own revenue by 30% over 3 years	Revenue enhancement strategy document	Draft strategy document	<i>No Strategy document</i>		Document complete			Document to be drafted in the third quarter
	All revenue is billed	% of revenue billed against projection	Electricity Meter audit; Supplementary Valuation; Direct revenue assessment/audit	<i>Property rates - 100% in July; Service charges monthly</i>	Property rates - 100%; Electricity & refuse 3/12	Electricity & refuse 6/12	Electricity & refuse 9/12	Electricity & refuse 12/12	Billing for first quarter done. To expedite distribution of statements, CAB holding was appointed for two months for printing and mailing statements
	95% on current collections; 60% on debt collections	% increase in debt collection	Bigen Africa - Credit control management	<i>Current collection debt collection rate</i>	30%	60%	80%	100%	See report on collection rates
	Accurate Billing	% reduction in incorrect billings	Data Cleansing. Analysis of meter readings	<i>3% of billing incorrect</i>	50% of incorrect billings	50% of incorrect billings	0%	0%	Process no yet started due to audit process
Asset Management	Assets are complete and correctly valued	% completion of Asset register	Asset register update	<i>Asset register is 90% complete</i>	95%	100%			Assets verified by Asset Management Team, but still continuing with the project.

	Asset register is GRAP compliant	GRAP related audit findings	Update of the infrastructure register	<i>Impairment and residual values not identified</i>		100%			From the audit process it is critical to get a service provider to assist in the compilation of information in terms of the various GRAP requirements, as the requirements need technical expertise
	Assets are used optimally	Revenue generated from assets quantified by category	Full maintenance lease project and analysis of investment properties	<i>Revenue from properties not representative investment in properties</i>			100%		



Budgeting	To prepare and manage budget in line with the IDP priorities and NT regulations	Work completed towards the preparation and submission of an IDP aligned and NT compliant budget		<i>Budget not fully aligned with IDP, not fully compliant with NT regulations</i>		Process plan	Budget meetings - proof of discussion on alignment of IDP and Budget	Final IDP and Budget document approved - aligned	
	Meet MFMA deadlines to budget preparation	Tabling and approval deadlines met	<i>Deadlines met. Ongoing target</i>				Draft budget and IDP documents tabled in council	Final IDP and Budget document approved	Budget process Plan approved by council
Accounting & Reporting	To ensure all statutory reporting is compliant with NT regulations and duly submitted	Progress towards fully compliant statutory reports	Customisation of NT Budget templates for inhouse reporting	<i>Reporting not fully compliant with regulatory requirements</i>		Final standard monthly reporting template in place	Report template used	Report template used	Reports are customised by national treasury. Monthly Reports will be in the prescribed format
		Duly submitted statutory reports		<i>Reporting not submitted in time</i>	Monthly Reports & Annual Financial Statements	Monthly Reports	Monthly Reports	Monthly Reports	AFS submitted on 31 August
Free Basic Service	To ensure that all indigent households benefit from FBS	% increase in the number of indigent households benefitting from FBS	Update indigent register	<i>% of households benefitting from FBS not yet quantified</i>		50%	70%	100%	Adjudication process completed. Roll out to begin in December
Expenditure	Expedite payments of all municipal obligations timely	Creditors and Payroll reconciliations	Monthly reconciliations	<i>recons not done timeously</i>	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	All monthly reports for Creditors and Payroll Reconciliations completed

	Comply with all statutory returns	All statutory returns completed and submitted - SARS and Labour	VAT returns and other SARS returns	<i>Returns done - improve to full compliance</i>	Monthly returns	Monthly returns	Monthly returns	Monthly returns	Monthly VAT and Tax returns completed.
	Maintain a proper filing system	Archive all old documents and filing system introduced on current documents	Offsite storage in reputable document warehouse	<i>Documents not properly managed and maintained</i>		Appointment of Document management company	All 3 years and older documents archived; Current documents filing system in place	Maintain archived documents and filing systems	
Supply Chain Management	Ensure efficient and effective demand and acquisition management that are compliant to the SCM Prescripts	No of funded vacant post that are filled in units	Staffing the SCM section	<i>All staff in acting capacity</i>		2 posts	3 posts		Interviews conducted for Demand and Acquisition Management Officers, but still awaiting for the final outcomes.
		Procurement plans that are in line with the SDIP of the Municipality	Conduct Sessions will all Department of the Municipality to craft the Procurement Plans	<i>SCM policy and procedures last updated in 2005</i>			Annual Procurement Plans		
		No of Suppliers that are registered in the Data Base per classification	Updating and maintenance of the supplier database	<i>Database not yet finalised</i>	monthly	monthly	monthly	monthly	Supplier Data base updated on a daily basis with new Suppliers

		Price index or catalogue for the Municipality	Assessing the level of Demand vs. supply	<i>No supplier handbook</i>				Complete Price Catalogue	
		Number of SCM policies that have been developed, workshopped and approved	Review of SCM policy and procedures	<i>No supplier handbook</i>	Quarterly	Quarterly	Quarterly	Quarterly	Proposals on the appointment of Bid Committees completed and their areas of delegations in terms of SCM policies.

		Finance Forum to discuss finance and SCM Matters	Presentation of SCM matters to the Finance Forum	<i>No Finance forum in place</i>	monthly	monthly	monthly	monthly	Memorandum to the Accounting Officer requesting the establishment of such Forum written for his approval
		Automated Procurement System that will create electronic memo, electronic requisition, e-filing system	Establishment of a task team and project plan to implement the system	<i>Manual system used</i>			Automated Procurement System		Presentation Meeting with SITA held and concept document approved by the Accounting Officer
		Percentage of Non-personnel budget spent on SMMEs', BBBEE in terms of HDI status	Appointment of Bid Committees and issuing of SCM delegations	<i>Stats currently not compiled</i>	5%	10%	20%	25%	76,3 million spent on HDI during this Quarter
		Number of Officials trained in SCM	Organize a training for all Section 57 Managers and other Managers and SCM staff.	<i>Staff trained annually, but not yet grasping all requirements</i>				All Managers trained	
Organisation Transformation and Institutional development	All Finance Staff to attend development training courses	Number of relevant staff trained per the work place skills plan	Advanced computer literacy training - Microsoft Excel, Word, Computer Systems	<i>Included in workplace skills plan for all finance staff</i>		40%	80%	100%	Training will start in Feb and March months
			MFMA awareness	<i>No structured training</i>		40%	80%	100%	Programme of training to be drafted
			GRAP training	<i>Annual updates attended</i>			100%		Ongoing, scheduled for Feb and March
Good Governance and Public Participation	Update finance procedure manual	Updated procedure manual and workshops conducted or arranged	Appointment of service provider to assist in compilation of procedure manual	<i>Procedure manual not fully updated</i>			50%	100%	Process of appointment to be done in February 20100

	Public Participation on budget and service delivery programmes	Number of public participation initiatives	Attend Budget and IDP outreach programmes	<i>IDP not fully aligned to budget</i>			IDP and Budget Process	Finance Policies	IDP assessment workshop attended in October 2010. allocated one finance person to be part of IDP process
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LG KPA		Financial Viability		Functional Area/ Department		Finance				
Key Performance Area (KPA)	Measurable Objective	Key Performance Indicator (KPI)	Projects/ Major Activities	Budget	Baseline	Quarterly Projected Targets				Actual Performance
						Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 3
Revenue Management	To increase own revenue by 30% over 3 years	Revenue enhancement strategy document	Draft strategy document	Rnil	<i>No Strategy document</i>		Document complete			
	All revenue is billed	% of revenue billed against projection	Electricity Meter audit; Supplementary Valuation; Direct revenue assessment/audit		<i>Property rates - 100% in July; Service charges monthly</i>	Property rates -100%; Electricity & refuse 3/12	Electricity & refuse 6/12	Electricity & refuse 9/12	Electricity & refuse 12/12	Billing done within 4 working days. Statements printed within the municipality and mailed within 30 days. CAB arrangements withdrawn
	95% on current collections; 60% on debt collections	% increase in debt collection	Bigen Africa - Credit control management		<i>Current collection debt collection rate</i>	30%	60%	80%	100%	Slight improvement on rates collections due to delays in finalising integration of promune and ZMS tool kit
	Accurate Billing	% reduction in incorrect billings	Data Cleansing. Analysis of meter readings		<i>3% of billing incorrect</i>	50% of incorrect billings	50% of incorrect billings	0%	0%	There has been improvements in the billing

<b>Asset Management</b>	Assets are complete and correctly valued	% completion of Asset register	Asset register update		<i>Asset register is 90% complete</i>	95%	100%			Electricity assets being verified by Ray Taylor and Associates. Lamack is working on the municipality's immovable properties. Other assets are to be verified in June 2011 just before year end.
	Asset register is GRAP compliant	GRAP related audit findings	Update of the infrastructure register		<i>Impairment and residual values not identified</i>		100%			R-Data will commence with the process of ensuring that the asset register complies with GRAP in May. Test for impairment will be done during June 2011. A service provider will be appointed to determine the residual values in June.

	Assets are used optimally	Revenue generated from assets quantified by category	Full maintenance lease project and analysis of investment properties		<i>Revenue from properties not representative investment in properties</i>			100%		
<b>Budgeting</b>	To prepare and manage budget in line with the IDP priorities and NT regulations	Work completed towards the preparation and submission of an IDP aligned and NT compliant budget			<i>Budget not fully aligned with IDP, not fully compliant with NT regulations</i>		Process plan	Budget meetings - proof of discussion on alignment of IDP and Budget	Final IDP and Budget document approved - aligned	Budget workshop was held and budget and alignment of IDP
	Meet MFMA deadlines to budget preparation	Tabling and approval deadlines met			<i>Deadlines met. Ongoing target</i>			Draft budget and IDP documents tabled in council	Final IDP and Budget document approved	Draft budget and IDP were tabled in the council on
<b>Accounting &amp; Reporting</b>	To ensure all statutory reporting is compliant with NT regulations and duly submitted	Progress towards fully compliant statutory reports	Customisation of NT Budget templates for inhouse reporting		<i>Reporting not fully compliant with regulatory requirements</i>		Final standard monthly reporting template in place	Report template used	Report template used	Statutory reports were submitted to the council and NT on time .
		Duly submitted statutory reports			<i>Reporting not submitted in time</i>	Monthly Reports & Annual Financial Statements	Monthly Reports	Monthly Reports	Monthly Reports	Monthly reports were prepared and discussed by the Finance Portfolio Committee

<b>Free Basic Service</b>	To ensure that all indigent households benefit from FBS	% increase in the number of indigent households benefitting from FBS	Update indigent register		<i>% of households benefitting from FBS not yet quantified</i>		50%	70%	100%	A service provider was appointed to deliver alternative power to indigent household.
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<b>Expenditure</b>	Expedite payments of all municipal obligations timely	Creditors and Payroll reconciliations	Monthly reconciliations		<i>recons not done timeously</i>	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	All monthly reports for Creditors and Payroll Reconciliations completed
	Comply with all statutory returns	All statutory returns completed and submitted - SARS and Labour	VAT returns and other SARS returns		<i>Returns done - improve to full compliance</i>	Monthly returns	Monthly returns	Monthly returns	Monthly returns	Monthly VAT and Tax returns completed.
	Maintain a proper filing system	Archive all old documents and filing system introduced on current documents	Offsite storage in reputable document warehouse		<i>Documents not properly managed and maintained</i>		Appontment of Document management company	All 3 years and older documents archived; Current documents filing system in place	Maintain archived documents and filing systems	A space in the stores has been identified and documents relating to prior years will be stored there. Only current documents will be stored on the premisses. Documents will be checked during the fourth quarter for completeness.

<b>Supply Chain Management</b>	Ensure efficient and effective demand and acquisition management that are compliant to the SCM Prescripts	No of funded vacant post that are filled in units	Staffing the SCM section		<i>All staff in acting capacity</i>		2 posts	3 posts		Manager Demand and Acquisition has been appointed and will be joining the municipality in the next quarter.
		Procurement plans that are in line with the SDIP of the Municipality	Conduct Sessions will all Department of the Municipality to craft the Procurement Plans		<i>SCM policy and procedures last updated in 2005</i>			Annual Procurement Plans		
		No of Suppliers that are registered in the Data Base per classification	Updating and maintainance of the supplier database		<i>Database not yet finalised</i>	monthly	monthly	monthly	monthly	Supplier Data base updated on a daily basis with new Suppliers
		Price index or catalogue for the Municipality	Assessing the level of Demand vs. supply		<i>No supplier handbook</i>				Complete Price Catalogue	Price index will be sought from Provincial during the fourth quarter.

		Number of SCM policies that have been developed, workshopped and approved	Review of SCM policy and procedures		<i>No supplier handbook</i>	Quarterly	Quarterly	Quarterly	Quarterly	Proposals on the appointment of Bid Committees completed and their areas of delegations in terms of SCM policies.
		Finance Forum to discuss finance and SCM Matters	Presentation of SCM matters to the Finance Forum		<i>No Finance forum in place</i>	monthly	monthly	monthly	monthly	Memorandum to the Accounting Officer requesting the establishment of such Forum written for his approval
		Automated Procurement System that will create electronic memo, electronic requisition, efilng system	Establishment of a task team and project plan to implement the system		<i>Manual system used</i>			Automated Procurement System		

		Percentage of Non-personnel budget spent on SMMEs', BBBEE in terms of HDI status	Appointment of Bid Committees and issuing of SCM delegations		<i>Stats currently not compiled</i>	5%	10%	20%	25%	
		Number of Officials trained in SCM	Organize a training for all Section 57 Managers and other Managers and SCM staff.		<i>Staff trained annually, but not yet grasping all requirements</i>				All Managers trained	
<b>Organisation Transformation and Institutional development</b>	All Finance Staff to attend development training courses	Number of relevant staff trained per the work place skills plan	Advanced computer literacy training - Microsoft Excel, Word, Computer Systems		<i>Included in workplace skills plan for all finance staff</i>		40%	80%	100%	Managers and principal are attending the MFP. Finance training / development plan to be discussed and finalised with corporate services during the fourth quarter. Staff and interns is being rotated voluntarily.
			MFMA awareness		<i>No structured training</i>		40%	80%	100%	Programme for training
			GRAP training		<i>Annual updates attended</i>			100%		Grap Training scheduled for June 2011 , next quarter

<b>Good Governance and Public Participation</b>	Update finance procedure manual	Updated procedure manual and workshops conducted or arranged	Appointment of service provider to assist in compilation of procedure manual		<i>Procedure manual not fully updated</i>			50%	100%	
	Public Participation on budget and service delivery programmes	Number of public participation initiatives	Attend Budget and IDP outreach programmes		<i>IDP not fully aligned to budget</i>			IDP and Budget Process	Finance Policies	Budget and IDP outreach will be done during the 4th Quarter

LG KPA		Financial Viability		Functional Area/ Department				Finance		
Key Performance Area (KPA)	Measurable Objective	Key Performance Indicator (KPI)	Projects/ Major Activities	Budget	Baseline	Quarterly Projected Targets				Actual Performance
						Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 4
Revenue Management	To increase own revenue by 30% over 3 years	Revenue enhancement strategy document	Draft strategy document	Rnil	No Strategy document		Document complete			Document to be drafted in the third quarter
	All revenue is billed	% of revenue billed against projection	Electricity Meter audit; Supplementary Valuation; Direct revenue assessment/audit		Property rates - 100% in July; Service charges monthly	Property rates -100%; Electricity & refuse 3/12	Electricity & refuse 6/12	Electricity & refuse 9/12	Electricity & refuse 12/12	Billing done within 8 days and posted within three weeks. Supplementary valuation complete. Revenue assessment being done to be finalised in August 2011. Meter inspections being done on monthly basis. Meter audit in 2011/12 Financial Year.
	95% on current collections; 60% on debt collections	% increase in debt collection	Bigen Africa - Credit control management		Current collection debt collection rate	30%	60%	80%	100%	Bigen Africa following on all accounts in arrears. Electrcity accounts followed up on monthly basis by own staff.
	Accurate Billing	% reduction in incorrect billings	Data Cleansing. Analysis of meter readings		3% of billing incorrect	50% of incorrect billings	50% of incorrect billings	0%	0%	Biiling adjustments have decreased

<b>Asset Management</b>	Assets are complete and correctly valued	% completion of Asset register	Asset register update		<i>Asset register is 90% complete</i>	95%	100%			Assets verified by Asset Management Team and two service providers are verifying properties and electricity.
	Asset register is GRAP compliant	GRAP related audit findings	Update of the infrastructure register		<i>Impairment and residual values not identified</i>		100%			The register has been updated to be finalised during July 2011
	Assets are used optimally	Revenue generated from assets quantified by category	Full maintenance lease project and analysis of investment properties		<i>Revenue from properties not representative investment in properties</i>			100%		The lease has been implemented. Makhubu is managing the fleet.
<b>Budgeting</b>	To prepare and manage budget in line with the IDP priorities and NT regulations	Work completed towards the preparation and submission of an IDP aligned and NT compliant budget			<i>Budget not fully aligned with IDP, not fully compliant with NT regulations</i>		Process plan	Budget meetings - proof of discussion on alignment of IDP and Budget	Final IDP and Budget document approved - aligned	The final IDP and the Budget were approved in June 2011
	Meet MFMA deadlines to budget preparation	Tabling and approval deadlines met			<i>Deadlines met. Ongoing target</i>			Draft budget and IDP documents tabled in council	Final IDP and Budget document approved	These were approved in June 2011.
<b>Accounting &amp; Reporting</b>	To ensure all statutory reporting is compliant with NT regulations and duly submitted	Progress towards fully compliant statutory reports	Customisation of NT Budget templates for inhouse reporting		<i>Reporting not fully compliant with regulatory requirements</i>		Final standard monthly reporting template in place	Report template used	Report template used	Reports are being submitted on time. These are accurate.
		Duly submitted statutory reports			<i>Reporting not submitted in time</i>	Monthly Reports & Annual Financial Statements	Monthly Reports	Monthly Reports	Monthly Reports	AFS submitted on 31 August
<b>Free Basic Service</b>	To ensure that all indigent households benefit from FBS	% increase in the number of indigent households benefitting from FBS	Update indigent register		<i>% of households benefitting from FBS not yet quantified</i>		50%	70%	100%	The service provider was appointed and is delivering alternative energy in the form of

										paraffin to beneficiaries.
<b>Expenditure</b>	Expedite payments of all municipal obligations timely	Creditors and Payroll reconciliations	Monthly reconciliations		<i>recons not done timeously</i>	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	Monthly reconciliations	These are performed on monthly basis.
	Comply with all statutory returns	All statutory returns completed and submitted - SARS and Labour	VAT returns and other SARS returns		<i>Returns done - improve to full compliance</i>	Monthly returns	Monthly returns	Monthly returns	Monthly returns	The VAT reconciliation is underway to be finalised in July 2011.
	Maintain a proper filing system	Archive all old documents and filing system introduced on current documents	Offsite storage in reputable document warehouse		<i>Documents not properly managed and maintained</i>		Appontment of Document management company	All 3 years and older documents archived; Current documents filing system in place	Maintain archived documents and filing systems	Old documents moved to stores or archives



<b>Supply Chain Management</b>	Ensure efficient and effective demand and acquisition management that are compliant to the SCM Prescripts	No of funded vacant post that are filled in units	Staffing the SCM section		<i>All staff in acting capacity</i>		2 posts	3 posts		Supply chain manager appointed in June 2011.
		Procurement plans that are in line with the SDIP of the Municipality	Conduct Sessions will all Department of the Municipality to craft the Procurement Plans		<i>SCM policy and procedures last updated in 2005</i>			Annual Procurement Plans		Document being drafted. Delays due non submission of procurement plans by the departments.
		No of Suppliers that are registered in the Data Base per classification	Updating and maintainance of the supplier database		<i>Database not yet finalised</i>	monthly	monthly	monthly	monthly	Supplier Data base updated on a daily basis with new Suppliers
		Price index or catalogue for the Municipality	Assessing the level of Demand vs. supply		<i>No supplier handbook</i>				Complete Price Catalogue	Supply chain manager appointed in June 2011.
		Number of SCM policies that have been developed, workshopped and approved	Review of SCM policy and procedures		<i>No supplier handbook</i>	Quarterly	Quarterly	Quarterly	Quarterly	Proposals on the appointment of Bid Committees completed and their areas of delegations in terms of SCM polocies.
		Finance Forum to discuss finance and SCM Matters	Presentation of SCM matters to the Finance Forum		<i>No Finance forum in place</i>	monthly	monthly	monthly	monthly	Memorandum to the Accounting Officer requesting the establishment of such Forum written for his approval

		Automated Procurement System that will create electronic memo, electronic requisition, efilig system	Establishment of a task team and project plan to implement the system		<i>Manual system used</i>			Automated Procurement System		Presentation Meeting with SITA held and concept document approved by the Accounting Officer
		Percentage of Non-personnel budget spent on SMMEs', BBBEE in terms of HDI status	Appointment of Bid Committees and issuing of SCM delegations		<i>Stats currently not compiled</i>	5%	10%	20%	25%	R76,3 million spent on HDI during this Quarter
		Number of Officials trained in SCM	Organize a training for all Section 57 Managers and other Managers and SCM staff.		<i>Staff trained annually, but not yet grasping all requirements</i>				All Managers trained	Training scheduled for later 2011 to be done by SAICA DE Loitee in terms of Finance Development.

<b>Organisation Transformation and Institutional development</b>	All Finance Staff to attend development training courses	Number of relevant staff trained per the work place skills plan	Advanced computer literacy training - Microsoft Excel, Word, Computer Systems		<i>Included in workplace skills plan for all finance staff</i>		40%	80%	100%	Preliminary training done in May 2011. Advanced awaits approval of the application /licensing (2010 version)
			MFMA awareness		<i>No structured training</i>		40%	80%	100%	Programme of training to be drafted
			GRAP training		<i>Annual updates attended</i>			100%		Scheduled for September / October 2011
<b>Good Governance and Public Participation</b>	Update finance procedure manual	Updated procedure manual and workshops conducted or arranged	Appointment of service provider to assist in compilation of procedure manual		<i>Procedure manual not fully updated</i>			50%	100%	Process of appointment to be done in February 2010
	Public Participation on budget and service delivery programmes	Number of public participation initiatives	Attend Budget and IDP outreach programmes		<i>IDP not fully aligned to budget</i>			IDP and Budget Process	Finance Policies	IDP assessment workshop attended in October 2010. allocated one finance person to be part of IDP process

Key Performance Area / LGTAs Outcome		Institutional Transformation and Organisational Development		Functional Area/Department		Corporate Services			
Key Performance / Focus Area	Measurable Objectives	Major Activities / Projects	Budget	Key Performance Indicator	Baseline	Quarterly Report Against Targets			
						Target Quarter 1	Progress / Status Report	Challenges	Measures to address challenges
Human Resource Management – Labour Relations	To facilitate the effective functioning of the Local Labour Forum to stabilise employer-employee relations and promote industrial peace.	Develop and implement a regulatory framework for the functioning of the Local Labour Forum in line with South African Local Government Bargaining Council (SALGBC) Main Collective Agreement, and relevant legislation.	n/a	Finalisation, approval and conclusion of Local Agreement on functioning of LLF.	No agreement concluded.  Initial draft agreement 80% completed.	LLF Agreement finalised.	LLF agreement finalised.		
				Number of LLF meetings held per schedule of meetings.	LLF schedule adopted by LLF for period up to December 2010.	3 LLF meetings held @ 1 per month.	2 LLF meetings held @ 1 per month.	Meetings fail to quorate. Postponements. Non availability of LLF members.	To meet respective Party Leaders.
	Enhance		Number of workshops held for Councillors,			1	3 workshops held,		

		knowledge of labour legislation, HR Policies and SALGBC Collective Agreements		management, employees and union shop-stewards on labour legislation, HR Policies and SALGBC Collective Agreements		workshop held.	moving from restructuring but addressing all labour related issues. Still to hold general ones.		
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<b>Institutional Capacity</b>	To provide the Municipality with human resources for it to function and deliver services.	To facilitate the placement and correct remuneration of current staff into the newly approved staff establishment	Percentage of HOD's, management and supervisors workshopped on Council-approved staff placement policy and procedures.	Placement Policy approved by Council. Policy distributed to stakeholders for familiarisation	100% of HoD's, Managers and Supervisors workshopped.	100% of HoD's workshopped, 100% of management and supervisors workshopped on Staff Placement Policy.		
			Staff audit, post classification and employee-post matching.		Carry out post classification, staff audit and person-post matching  Placement Committees sit and recommend placement of employees to Municipal Manager	Post classification, staff audit and person-post matching done.  Placement Committees sitting. Only Public Safety Department outstanding.		
			Number of current, permanent employees issued with letters / contracts of placement / employment placing them into approved staff establishment.		All 1128 current permanent employees issued with placement letters.	To commence on conclusion of Placement Committee work.	Resistance from Trade Union, IMATU & 1 HoD.	Engaging SAMWU and employees directly. To engage MM re-HoD and Councillors in workshops and on one-

								on-one sessions.. Frequently- Asked- Questions brochures distributed.
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		To facilitate the provisioning of staff for funded critical and vacant posts.	R1 000,000.00	HR Plan identifying filled and vacant posts for filling during current financial year.  Prioritisation of critical vacant posts for filling.	HR Plan not yet developed.  Prioritisation of critical posts not yet carried out.	30% of all identified funded critical Finance posts filled.	2 Finance GM's filled. All Supply Chain posts advertised. To be filled in September 2010.	Limited HR. Challenges re-fraud & collusion resulting in some staff being relieved of some duties.	To transfer delinquent staff & bring in other employees from outside staff provisioning section.
<b>Capacity Development and Transformation</b>	To increase the capability (knowledge, skills and attributes) of the municipal workforce.	Develop and implement a Training Implementation Plan for the Workplace Skills Plan (WSP) submitted to the LGSETA.	R3 000,000.00	Training Implementation Plan approved by Training Committee indicating training programmes, targeted employees, training dates, service providers, etc.	WSP submitted to LGSETA.  Training Committee established and performing its functions well.	Training Implementation Plan developed and approved.	SETA Implementation Plan developed and submitted.  Draft Implementation for KSD ready to be reviewed Management .	Implementation	Implementation
				Percentage of training interventions in Workplace Skills Plan implemented .	39 interventions for 528 beneficiaries for 2009/10 financial	15% of Training Interventions in WSP implemented out of 49 overall	Training interventions conducted:- Supply chain Management : Councillors-		



					year.	interventions for 612 employees.	06 Officials-20 Environment al Health and Safety course- 04 CPMD-02 PA & Secretaries Convention- 05 Road Maintenance Course -02; HIV/AIDS Peer Educators- 22 First Aiders- 20 Fire Prevention Coordinators - 20; Asset Management - 15; Customer Care- 30; Pharmacy Assistant Basic Course- 02; Contract Management - 01;		
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							Basic Computer Literacy-15; Tools for sustainability certificate course-02; Examiner for Driving License course-02; Basic Ambulance Assistant Course-04;		
				Competency Assessment for s57 managers conducted.	Competen cy Assessme nt service provider appointed.	Competency assessment for s57 managers conducted	Competency assessment for s57 managers NOT yet conducted.	Decision to wait for the imminent local govt competencie s to be released by CoGTA.	To commence once new competencie s are to hand to be considered together with existing competencie s.

		Implement ABET programme.		Pre-assessment, placement, evaluation and final assessment of ABET learners on relevant levels.	ABET service provider appointed and learners recruited.	Pre-assessment and placement of ABET Learners conducted.	Service Provider engaged. Pre-assessment and placement of ABET Learners conducted.	
				Number of training interventions undergone by Training Committee.		Training Committee undergoes 1 training intervention.	Training Committee has not yet undergone 1st training intervention. Still to be arranged	None
<b>Employee Health and Wellness</b>	To promote a safe and healthy work environment in the municipality.	Implement and enforce compliance with OHS legislation		Establishment and functioning of OHS Committee comprising OHS reps from demarcated constituencies.	Constituencies demarcated & reps elected.	OHS Committee inducted.	OHS Committee not yet inducted. Preparing to induct OHS Committee.	
		Implement KSD EHW & HIV AIDS Policies.	R50 000	Launch of KSD EHW Programme.	EHW Policy approved. HIV/AIDS policy approved by Council	EHW programme launched	EHW programme launched On 28 July 2010.	
				Number of departments work-shopped on HIV / AIDS, substance Abuse & Financial Wellness		1 department work-shopped on HIV/AIDS, Substance Abuse & Financial Wellness	Various employees in all depts. work-shopped at a high and general level. More in-depth work-shopping still to come.	

<b>Performance Management</b>	To strengthen accountability performance monitoring and evaluation in the municipality.	To facilitate the implementation of PMS in respect of s57 managers.		Signed performance agreements for S57 Managers that include LGTAS performance indicators.	No Performance Agreements concluded.	Facilitate the signing of performance agreements for S57 Managers	Consultant engaged by MM's office for that purpose.		
				PMS training for managers		PMS workshop for all s57 and non-s57 managers	Not yet held.	Busy schedules.	To facilitate.
				No. of performance reviews and final performance assessment.		Facilitate performance reviews for s57 managers.	No performance agreements yet.	Subject to completion of SDBIP process.	MM Office facilitating conclusion of SDBIP's with Consultant.
ICT	To optimise the application of Information Communication Technology (ICT) as an enabler for the effective functioning of the municipality.	Installation of Data cabling and VPN connections for Ngangelizwe Clinic and Mqanduli Hall	R75K In-house	Connectivity ensured in specified areas	There is no infrastructure in Ngangelizwe clinic whereas Mqanduli currently has 512kb diginet linking offices to Munitata.	Data cabling & telephone installed at Mqanduli hall.	Quotations received from relevant service providers, processing of official order started.		
		Development and hosting of KSD	R130 000	KSD website developed	Existing KSD Website not updated.	Development and hosting of KSD	Development of the website continues,		

		website		and hosted		website	more		
		SLA in place for monthly updating		SLA drawn and signed		SLA for monthly updating	information is being collected from departments. Members of the Mayor and his, Mayoral committee inputs received. Presentation of the developments on the website has been done to the Corporate Services Committee. Draft SLA available, awaiting comments.		

		Review and improve ICT systems and applications.	To be determined	ICT systems and applications reviewed and improved.	The following ICT Systems exist in KSD: PAYDAY, Promun,	Systems review research	NONE	The actual review process to be followed has become a challenge.	Research and plan in engaging external service provider to review KSD Systems has been identified as a measure to address this challenge.
<b>RECORDS MANAGEMENT</b>	Strengthen Proper Records Management.	Centralise Document Management and ensure electronic Document Management.		Uniform usage of document file plan.  Central custody of documents		Introduce new file plan to all departments.  Moving of documents with archival value from	File Plan introduced to all departments and the use of the file plan commenced by other departments except the Department of Planning Social and Economic Development, Urban Renewal and Finance.  Documents moved from Public	Shortage of space to	Arrangements have been made for

				<p>with archival value.</p> <p>Moving from paper based to electronic document management.</p>		<p>departments to the Registry/Archives section.</p> <p>Moving from paper based to electronic document management.</p>	<p>Safety strong-room to the Town Hall Tower.</p> <p>Documents not yet moved from other strong-rooms due to shortage of space to archive them.</p> <p>Tender document drawn for EDMS.</p> <p>Records Management Forum formed.</p> <p>Utilisation of Typists to assist in clearing of the Town Hall Tower in progress.</p>	<p>centrally store documents with archival value.</p>	<p>additional shelves to be built at the Town Hall Tower.</p> <p>To arrange that all strong-rooms be under the control of Corporate Services for archiving purposes.</p>
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<b>COUNCIL SUPPORT</b>	Strengthen facilitation of Council business.	Develop tracking and checking mechanism for Council resolutions.	Tracking and checking mechanism for Council resolutions developed.	Communicate resolutions to HOD's and ensure implementation.	<p>Busy communicating resolutions from July 2010 to relevant HOD's</p> <p>Incorrectly bound minutes are being corrected.</p>	Non-confirmation of minutes.	Minutes constantly submitted for confirmation.
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Legal support and Advisory services	To facilitate the utilisation of legal avenues and mechanisms to safeguard and protect the municipality's interests and support the functioning of the organisation within the ambit of the law.	Develop and implement a regulatory and guiding framework for the management of litigation by and against the municipality and for the provision of legal support within the municipality.	R6.3 M	Development, approval and implementation of KSD Litigation Policy and procedures	Draft Litigation Policy available. Some to be refined and consulted upon.	Consultation and work-shopping of draft litigation policy.	Consultation and Work-shopping not done	Still finalising draft and consolidating comments from Corporate Services Management	Consultation and Work-shopping will follow receipt of comments and input
		Educate councillors and managers on applicable legislation		No. of workshops on legislation for Councillors and Managers.	N/A	Research and draw a plan to educate councillors and managers on applicable legislation  Facilitate one workshop for councillors and managers on applicable legislation	Workshop organized to give awareness to councillors on applicable legislation on the 21 October 2010, LGTAS - Outcome 9		

		Facilitating development and promulgation of by-laws	Applicable by-laws formulated, amended, and approved	<p>Draft by-laws currently awaiting Council approval.</p> <p>Public Safety By-Laws still within committee system.</p> <p>Credit Control and Debt Collection by-law promulgated already.</p> <p>Nine (9) By-Laws awaiting approval by Council</p> <p>One (1) By-Law in the process of consultation</p> <p>One (1) By-Law already promulgated and in operation</p>	Identify and facilitate Council approval of outstanding by-laws.	By- Laws forwarded to Government printers Pretoria for promulgation	Payment of gazetting fees to be made by Municipality no longer by the Province.	Payment effected
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Key Performance Area/LGTAs Outcome		Institutional Transformation and Organisational Development		Functional Area/Department		Corporate Services			
Key Performance / Focus Area	Measurable Objectives	Major Activities / Projects	Budget	Key Performance Indicator	Baseline	Quarterly Targets			
						Quarter 2	Progress	Challenges	Measures
<b>Human Resource Management – Labour Relations</b>	To facilitate the effective functioning of the Local Labour Forum to stabilise employer-employee relations and promote industrial peace.	Develop and implement a regulatory framework for the functioning of the Local Labour Forum in line with South African Local Government Bargaining Council (SALGBC) Main Collective Agreement, and relevant legislation.	n/a	Finalisation, approval and conclusion of Local Agreement on functioning of LLF.	No agreement concluded.  Initial draft agreement 80% completed.	Work-shopping of LLF employer / employee parties on LLF agreement.  Adoption and signing of Agreement by LLF and Council.	Workshop conducted		
				Number of LLF meetings held per schedule of meetings.	LLF schedule adopted by LLF for period up to December 2010.	3 LLF meetings held @ 1 per month.	No meetings held in this quarter	Failure to constitute quorum	
<b>Institutional Capacity</b>	To provide the Municipality with human resources for it to function and deliver services.	To facilitate the placement and correct remuneration of current staff into the newly approved staff establishment.		Percentage of HOD's, management and supervisors work-shopped on Council-approved staff placement policy and procedures.	Placement Policy approved by Council. Policy distributed to stakeholders for familiarisation	Policy approved and distributed to all stakeholders.			

		Number of current, permanent employees issued with letters / contracts of placement / employment placing them into approved staff establishment.		All 1128 current permanent employees issued with placement letters.	Placement letters not yet issued.	Delay by Public Safety department and litigation by one union
To facilitate the provisioning of staff for funded critical and vacant posts.	R1 000,000.00	HR Plan identifying filled and vacant posts for filling during current financial year and which complies with LGTAS stipulations. Prioritisation of critical vacant posts for filling.	HR Plan not yet developed.  Prioritisation of critical posts not yet carried out.	Filling of identified critical posts in line with HR Plan, subject to availability of funds.	Ongoing according to monthly targets.	

<b>Capacity Development and Transformation</b>	To increase the capability (knowledge, skills and attributes) and demographic representativity of the municipal workforce.	Develop and implement a Training Implementation Plan for the Workplace Skills Plan (WSP) submitted to the LGSETA.	R3 000, 000.00	Percentage of training interventions in Workplace Skills Plan implemented.	39 interventions for 528 beneficiaries for 2009/10 financial year.	50% of training interventions in WSP successfully carried out.	Training interventions conducted per the WSP.
		Implement ABET programme.		Pre-assessment, placement, evaluation and final assessment of ABET learners on relevant levels.	ABET service provider appointed and learners recruited.	Monitoring and Evaluation of ABET Programme.	Learners finalising their modules for assessment during the period March to May.
<b>Employee Health and Wellness</b>	To promote a safe and healthy work environment in the municipality.	Implement KSD EHW & HIV AIDS Policies.	R50 000	Launch of KSD EHW Programme.	EHW Policy approved.  HIV/AIDS policy approved by Council	HIV/AIDS Peer Educators forum established & functioning.	Peers Educators forum functioning
				Number of departments work-shopped on HIV / AIDS, substance Abuse & Financial Wellness		3 departments work-shopped on HIV & Substance Abuse & Financial Wellness.	Mqanduli, Stanford Terrace and one section in Public Safety work-shopped.

<b>Performance Management</b>	To strengthen accountability performance monitoring and evaluation in the municipality.	To facilitate the implementation of PMS in respect of s57 managers.	Signed performance agreements for S57 Managers that include LGTAS performance indicators.	No Performance Agreements concluded.	Facilitate submission of performance agreements to provincial DLGTA.	Performance agreements of S57 Managers submitted to provincial DLGTA.		
		To cascade PMS to General and Line managers	Signed performance agreements for General Managers reporting to MM and down to 4 <sup>th</sup> reporting level.	No performance agreements for General Managers.	Facilitate the signing of performance agreements for General Managers.	General Managers and their respective HODs are yet to agree on KPIs.		
			No. of performance reviews and final performance assessment.		Facilitate performance reviews for s57 Managers.	Requires MM & Directors.		
			No. of performance assessments and relevant interventions.		Implement performance improvement plan.	Performance improvement plan not yet developed.	This activity is dependent on the reviews of performances.	

ICT	To optimise the application of Information Communication Technology (ICT) as an enabler for the effective functioning of the municipality.	Installation of Data cabling and VPN connections for Ngangelizwe Clinic and Mqanduli Hall	R75K In-house	Connectivity ensured in specified areas	There is no infrastructure in Ngangelizwe clinic whereas Mqanduli currently has 512kb diginet linking offices to Munitata.	Data cabling, VPN connection & Voip phones installed at Ngangelizwe clinic	Data cabling done in Mqanduli and Ngangelizwe Clinic	VPN and VoiP phones not installed. Lack of Telkom infrastructure.	Telkom gave installation date of March 2011.
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		Development and hosting of KSD website  SLA in place for monthly updating	R130 000	KSD website developed and hosted  SLA drawn and signed	Existing KSD Website not updated.	Facilitate update of website content	Website not finished. Content is being uploaded.  Draft SLA drawn and circulated for comments.	Slow gathering of website content.  No comments have been received yet.	Clear role description for departments, communications office and ICT.  SLA still requires further comments and refinement.
		Review and improve ICT systems and applications.	To be determined	ICT systems and applications reviewed and improved.	The following ICT Systems exist in KSD: PAYDAY, Promun,	Systems review research	Systems review not done.	Lack of Systems review knowledge	To engage external service provider
<b>Records Management</b>	To strengthen the Management of municipal records.	Centralize management of records and ensure electronic management of KSD records	R300 000	Uniform usage of document file plan  Central custody of documents with archival value.  Moving from	File plan approved  Tendering process for the EDMS initiated.	Finalise custody and control of municipal records under Corporate Services. Ensure 100% functionality of, and compliance with, approved	All departments are now using the file plan but the documents are still kept in their strong-rooms due to shortage of space to archive them.	Shortage of space.	Arrangements have been made for additional shelves to be built at town hall.



				paper based to electronic document management.		file plan.			
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	To strengthen facilitation of Council business	Develop tracking and checking mechanism for Council resolutions	N/A	Schedule of Council Instructions and Resolution Register prepared.	Schedule of Council Instructions prepared for 2010.	Communicate resolutions to relevant HOD's and ensure implementation.	<p>Resolutions Communicated to all Directors:- (i) In respect of Mayoral Comm. up to end of November 2010 and (ii) In respect of Council up to end of August 2010.</p> <p>Resolution Register:- (i) In respect of Mayoral Comm. Resolutions for 2006 was finalised. Now busy with 2007 resolutions. (ii) In respect of Council now busy with 2006 resolutions.</p> <p>Binding:- (i) Sorting 2010 agenda for binding.</p> <p>Incorrectly bound minutes</p>	Non-confirmation of minutes.	To arrange meeting with Speaker, Mayor and MM.
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							are being corrected.		
Legal support and Advisory services	To facilitate the utilisation of legal avenues and mechanisms to safeguard and protect the municipality's interests and support the functioning of the organisation within the ambit of the law.	Develop and implement a regulatory and guiding framework for the management of litigation by and against the municipality and for the provision of legal support within the municipality.	R6.3 M	Development, approval and implementation of KSD Litigation Policy and procedures	Draft Litigation Policy available. Some to be refined and consulted upon.	Approval of policy by Council.	Draft policy work-shopped by department not yet to Council; internal and external consultation over policy in final phase.	Unique policy without precedent	Ongoing consultation and refinement.
		Educate councillors and managers on applicable legislation		No. of workshops on legislation for Councillors and Managers.	N/A	Facilitate one workshop for councillors and managers on applicable legislation	Workshop arranged but deferred at Councillors instance	No unanimity over venue	To arrange meeting with MM, Mayor and Chief Whip to discuss the issue

		Facilitating development and promulgation of by-laws		Applicable by-laws formulated, amended, and approved	<p>Draft by-laws currently awaiting Council approval.</p> <p>Public Safety By-Laws still within committee system.</p> <p>Credit Control and Debt Collection by-law promulgated already.</p> <p>Nine (9) By-Laws awaiting approval by Council</p> <p>One (1) By-Law in the process of consultation</p> <p>One (1) By-Law already promulgated</p>	Facilitate promulgation of outstanding by-laws.	1 <sup>st</sup> batch of by-laws promulgated. In process of being uploaded in KSD website. Workshop for HODs being arranged.		
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					and in operation				
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Key Performance Area/LGTAs Outcome		Institutional Transformation and Organisational Development		Functional Area/Department	Corporate Services				
Key Performance / Focus Area	Measurable Objectives	Major Activities/Projects	Budget	Key Performance Indicator	Baseline	Quarterly Targets			
						Quarter 3	Progress – Jan 2011	Challenges	Measures to address challenges
<b>Human Resource Management – Labour Relations</b>	To facilitate the effective functioning of the Local Labour Forum to stabilise employer-employee relations and promote industrial peace.	Develop and implement a regulatory framework for the functioning of the Local Labour Forum in line with South African Local Government Bargaining Council (SALGBC) Main Collective Agreement, and relevant legislation.	n/a	Finalisation, approval and conclusion of Local Agreement on functioning of LLF.	No agreement concluded.  Initial draft agreement 80% completed.	Monitor compliance and adherence to agreement and schedule.	Draft LLF Agreement finalised and presented to LLF. Comprehensive workshop to be held after elections on LLF request.		
				Number of LLF meetings held per schedule of meetings.	LLF schedule adopted by LLF for period up to December 2010.	Develop LLF schedule for period up to June 2011. 3 LLF meetings held @ 1 per month.	LLF schedule up to June 2011 prepared for adoption at February 2011 LLF meeting.  LLF meeting for January 2011 successfully held.		

<b>Institutional Capacity</b>	To provide the Municipality with human resources for it to function and deliver services.	To facilitate the placement and correct remuneration of current staff into the newly approved staff establishment.		Percentage of HOD's, management and supervisors workshoped on Council-approved staff placement policy and procedures.	Placement Policy approved by Council.  Policy distributed to stakeholders for familiarisation	100% of HoD's, Managers and Supervisors workshoped.		
				Number of current, permanent employees issued with letters / contracts of placement / employment placing them into approved staff establishment.			Placement dispute with IMATU resolved in Municipality's favour.  LLF report ready for special LLF meeting to be held in February 2011. Thereafter approval by MM and issuing of placement letters.	

							Preparations for budget alignment and logistical processes.	
		To facilitate the provisioning of staff for funded critical and vacant posts.	R1 000,000.00	HR Plan identifying filled and vacant posts for filling during current financial year and which complies with LGTAS stipulations.  Prioritisation of critical vacant posts for filling.	HR Plan not yet developed.  Prioritisation of critical posts not yet carried out.	Filling of identified critical posts in line with HR Plan, subject to availability of funds.	Filling of identified critical posts in line with HR Plan, subject to availability of funds, proceeding. Reprioritisation done by depts. And processes moving ahead.	Funding of posts. Unavailability of HODs. Delayed approval of selection reports, resulting in high rate of declining of posts. High staff turnover.
<b>Capacity Development and Transformation</b>	To increase the capability (knowledge, skills and attributes) and demographic representativity of the municipal workforce.	Develop and implement a Training Implementation Plan for the Workplace Skills Plan (WSP) submitted to the LGSETA.	R3 000, 000.00	Percentage of training interventions in Workplace Skills Plan implemented.	39 interventions for 528 beneficiaries for 2009/10 financial year.	75% of training interventions in WSP carried out per Implementation Plan.	FF training took place in February 2011 :-  CPMD – 1 Director;  Apprenticeship Plumbing X1 Artisan II, First Aiders w/shop X17 Officials,	



							13 officials HIV/AIDS Peers Educators w/shop.	
		Implement ABET programme.		Pre- assessment, placement, evaluation and final assessment of ABET learners on relevant levels.	ABET service provider appointed and learners recruited.	At least 01 ABET enrichment intervention. Monitoring and evaluation. (hard skills training)	ABET enrichment programme proceeding well. More funding commitment received from LGSETA. Advert for ABET providers being finalised.	
<b>Employee Health and Wellness</b>	To promote a safe and healthy work environment in the municipality.	Implement KSD EHW & HIV AIDS Policies.	R50 000	Launch of KSD EHW Programme.	EHW Policy approved.  HIV/AIDS policy approved by Council	Forum functioning	Forum functioning. Monthly meetings held for January and February.  Condom week from 07-14 February held. HIV Co- ordinators distributed	

							pamphlets & brochures on HIV/AIDS awareness programmes.	
				Number of departments work-shopped on HIV / AIDS, substance Abuse & Financial Wellness		5 departments work-shopped on HIV & Substance Abuse & Financial Wellness.	Old Mutual on board. Exploration of a working partnership with KSD on Financial Wellness. Arrangements for a full-blown Finance workshop being facilitated. Engagement with Social Dev. Dept. for inclusion of KSD on Substance Abuse Programme.	

<b>Performance Management</b>	To strengthen accountability performance monitoring and evaluation in the municipality.	To facilitate the implementation of PMS in respect of s57 managers.		Signed performance agreements for S57 Managers that include LGTAS performance indicators.	No Performance Agreements concluded.	Monitor performance per agreements	To facilitate Performance review for quarter ending December 2010. MM's office facilitating performance review.	
		To cascade PMS to General and Line managers		Signed performance agreements for General Managers reporting to MM and down to 4 <sup>th</sup> reporting level.	No performance agreements for General Managers.		Performance Agreements for GM's being finalised, to be submitted for discussion by incumbents and supervisors. Employee PMS approach to be discussed with MM's office.	

				No. of performance reviews and final performance assessment.		Facilitate performance reviews for s57 & General Managers.			
				No. of performance assessments and relevant interventions.		Implement performance improvement plan.			
ICT	To optimise the application of Information Communication Technology (ICT) as an enabler for the effective functioning of the municipality.	Installation of Data cabling and VPN connections for Ngangelizwe Clinic and Mqanduli Hall	R75K In-house	Connectivity ensured in specified areas	There is no infrastructure in Ngangelizwe clinic whereas Mqanduli currently has 512kb diginet linking offices to Munitata.		Projected completion date for Telkom Cables is 31 March 2011 from network division		
		Development and hosting of KSD website  SLA in place for monthly updating	R130 000	KSD website developed and hosted  SLA drawn and signed	Existing KSD Website not updated.	Facilitate update of website content	Most information has been received and submitted to the service provider, awaiting for the service provider to furnish us with the date	Information taken in September 2010 is not on the website. IDP document sent on the 12 <sup>th</sup> Feb 2011 is also not the website Corrections noticed and	

							<p>of presentation to the Corporate Services management.</p>	<p>reported on the 17<sup>th</sup> Feb 2011 have not been corrected Two emails sent requesting service provider to come and present to Corporate services management have yield no results.</p> <p>When contacted by phone, the service provider gave terms and conditions i.e. He can only present between 13H00 and 14H00, If no one at 13H10, he packs his bags and leaves, at 14H00 questions or no questions, he leaves the premises as he has</p>	
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								other clients to attend to.	
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		Review and improve ICT systems and applications	To be determined	ICT systems and applications reviewed and improved.	The following ICT Systems exist in KSD: PAYDAY, Promun,	Explore available resources in the market.	Exploration of available service providers continuing.		
<b>ADMINISTRATION</b>									
<b>Records Management</b>	To strengthen the Management of municipal records.	Centralize management of records and ensure electronic management of KSD records	R300 000	Uniform usage of document file plan  Central custody of documents with archival value.  Moving from paper based to electronic document management.	File plan approved  Tendering process for the EDMS initiated.	Presentation by Service Provider on EDMS	EDMS deferred pending smooth and effective functionality of manual system.	Space constraints coupled with inertia from user departments.	Additional shelving, establishment of inter-departmental Records Management Forum plus continuous training.
	To strengthen facilitation of Council business	Develop tracking and checking mechanism for Council resolutions	N/A	Schedule of Council Instructions and Resolution Register prepared.	Schedule of Council Instructions prepared for 2010.	Communicate resolutions to relevant HOD's and ensure implementation.	Communicate resolutions to relevant HOD's and ensure implementation.	Resolutions communicated to HOD's;	

<b>Legal Support</b>									
<b>Legal support and Advisory services</b>	To facilitate the utilisation of legal avenues and mechanisms to safeguard and protect the municipality's interests and support the functioning of the organisation within the ambit of the law.	Develop and implement a regulatory and guiding framework for the management of litigation by and against the municipality and for the provision of legal support within the municipality.	R6.3 M	Development, approval and implementation of KSD Litigation Policy and procedures	Draft Litigation Policy available. Some to be refined and consulted upon.	Implementation	Draft Policy workshopped intensively. Councillor workshop deferred till elections.	Councillor unavailability owing to upcoming elections.	Wait for elections.
		Educate councillors and managers on applicable legislation		No. of workshops on legislation for Councillors and Managers.	N/A	Facilitate one workshop for councillors and managers on applicable legislation	Councillor workshop called but deferred at Council instance.	Councillor unavailability owing to upcoming elections.	Wait for elections.
		Facilitating development and promulgation of by-laws		Applicable by-laws formulated, amended, and approved	Draft by-laws currently awaiting Council approval.  Public Safety By-Laws still within committee system.	Identify and facilitate Council approval of outstanding by-laws.	10 by-laws promulgated. Submitted for uploading on KSD website.  Implementation Plans prepared and submitted by affected departments. Workshop to be arranged		



					<p>Credit Control and Debt Collection by-law promulgated already.</p> <p>Nine (9) By-Laws awaiting approval by Council</p> <p>One (1) By-Law in the process of consultation</p> <p>One (1) By-Law already promulgated and in operation</p>		for relevant staff.		
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Key Performance Area/LGTAs Outcome		Institutional Transformation and Organisational Development		Functional Area/Department	Corporate Services				
Key Performance/ Focus Area	Measurable Objectives	Major Activities / Projects	Budget	Key Performance Indicator	Baseline	Quarterly Targets			
						Target Quarter 4	Progress – June 2011	Challenges	Measures to address challenges
<b>OHS</b>	To improve the quality of work life and enhance safe and conducive working environment to attain a focused productive workforce thus improving service delivery	To facilitate the demarcation of constituencies		Constituencies demarcated	Minutes of the OHS Committee  Attendance register  Report about the inspection	Meeting with OHS committee  OHS reps to inspect municipal buildings 40%  Facilitate training of first aiders	Meeting with OHS committee continues  Waiting for submission of report from OHS reps by June  Training facilitated		
<b>HIV / AIDS</b>	To improve the health standards, create HIV/AIDS awareness programmes to mitigate HIV/AIDS in order to enhance the	To revive Peer Educators Forum		Peer Educators Forum revived	Minutes of the meeting  Attendance register  Schedule of the awareness	Meeting with peer educators  Conduct awareness programmes	Meeting with peer educators continue  Condom Week conducted		

	smooth running of operations and improve productions so as to achieve the goals of the institution	To run the awareness programmes		HIV/AIDS awareness programmes conducted	programme	for:  Condom Week  TB Awareness  Health Awareness  Candle light memorial	Condoms distributed to all depots    The event was postponed until further notice		
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EAP	To facilitate Employee Assistance Programmes as part of the Municipal health management strategy so as to improve the quality of life of KSD employees and the quality of work	To implement the Financial Wellness programme		Financial Wellness programme established	Programmes Agenda Attendance register	Facilitate Financial Wellness training	Financial wellness presentation by STD Bank facilitated and to continue in the depots		
		To establish spiritual wellness programmes		Spiritual wellness programme established	Schedule	Facilitate meeting with Ministers and Preacher's Forum	Meeting with the Ministers and Preachers Forum was facilitated. Elections for the structure was done		
		To develop and implement substance abuse		Substance abuse programme developed	Circulars	Facilitate Marital Counselling and Stress Management Programmes / Workshops			
					Invitation letters	Smoking Awareness Campaign  Substance abuse	Reading material distributed to employees  Postponed		

		programme				Prayer for the municipal employees	with candle light		
		To develop and implement Employee Sports and Recreation Programme		Employee Sports and Recreation Programme developed and implemented		Report from Sports Committee	Facilitate the Sport Guideline document  Facilitate sport activities  Facilitate fun run	Draft document available and report from Durban trip	
<b>Personnel Remuneration, salaries and wages</b>	To process and submit salary input within stipulated time-frame; i.e. 1 <sup>st</sup> Friday of every month	Salary input processed and submitted to salaries within stipulated time frame				Salary input processed and submitted to salaries within stipulated time frame	Input submitted and deadline met	Late submission of input from departments	Request that management to engage HOD's of other departments to meet the deadlines according to the timetable

<b>Staff benefits</b>	Schedule of terminations be prepared and submitted to salaries and HR Development monthly	Schedule submitted to salaries and HR Development monthly				Submit a schedule to salaries and HR Development	Schedule submitted to salaries and HR Development		
	Ensure all permanent employees have pension or provident funds, GLA, funeral schemes and those interested in accredited medical aids schemes monthly	Permanent employees have pension or provident funds, GLA, funeral schemes and those interested in accredited medical aids schemes monthly				Ensure all permanent employees have pension or provident funds GLA, funeral schemes and those interested in accredited medical aids schemes monthly	Still assessing membership status of all permanent employees	Still waiting for salaries section to provide section with printout to double check	Meeting with salaries has not yet been arranged.
	Ensure that employees have completed nomination	Employees have completed nomination forms in their files				Employees have completed nomination forms in their files			

	forms in their files								
<b>Death benefits</b>	Facilitate the distribution of outstanding death benefits within 12 months	Benefits distributed				Facilitate the distribution of outstanding death benefits within 12 months  Facilitate the distribution of Group Life Assurance benefits	About 60% of death benefits distributed  No GLA benefits have been distributed due to the amendment of the rules of the Scheme. These rules require the election of the committee	Non attendance of meetings by trustees  GLA committee not yet elected	Meeting was arranged with the Board of Trustees but was not materialised
<b>Leave benefits</b>	Facilitate retrieval of customised leave reports from the Pay-Day system	Retrieval of leave reports from Pay-Day facilitated				Ability to produce customised reports	Able to access and produce customised reports	The technical know-how is at the learning stage to produce specific reports	COS and ICT were able to meet in order to discuss these customised reports

	<p>To bring leave capturing up to date</p> <p>To generate monthly leave reports for all HODs</p>	<p>Leave capturing brought up to date</p> <p>Monthly leave reports generated</p>				<p>Leave capturing brought up to date</p> <p>To generate monthly leave reports for all HODs</p>	<p>Leave capturing is not yet up to date</p> <p>Not able to produce monthly reports because the information on the system needs to be updated</p>	<p>Late submission of leaves</p> <p>Sick leave credits in the system not in accordance with SALGB collective agreements</p>	<p>Solicit assistance from ICT and Pay-Day</p>
<b>Records Management</b>	Strengthen proper records management	Centralise document management and ensure electronic document management		Uniform usage of document file plan		<p>Monitor compliance and adherence to the approved file plan and records management policy</p> <p>Launch Records Management Forum</p> <p>Training of Records Management Officers</p>	Departments monitored for compliance	Busy schedule of departmental records management officers	Arrangements made to facilitate urgent filling of posts of Records Officers in various departments



						Issue circulars on roles and responsibilitie s of senior managers with reference to Records Management Policy			
						Sorting and packing of files on the new shelves at the Town Hall Tower	Arrangement s made for erection of shelves at the Town Hall		
						Partitioning the Mayor's Parlour at the Town Hall into cubicles for ward councillors	Cubicles erected at the Mayor's Parlour  Councillor's offices fitted with air- conditioners Councillors offices at the Town Hall fitted with blinds  Chief Whip's office at the		

							Town Hall painted		
							Councillor's offices at the Town Hall painted		
							Mayor's office at Munitata painted		
							Mayor's office and Speaker's office at Munitata fitted with a Trellidoor		
							Lights fitter at the 3 <sup>rd</sup> floor boardroom		
							MMC's office at Munitata fitted with lights and air-conditioners		

<b>Council Support</b>	Strengthen facilitation of council business	Develop tracking and checking mechanism for council resolutions			Prepare schedule of Council Instructions and Resolution Register	Communicate resolutions to relevant HOD's and ensure implementation	Resolutions communicated	None	
						Prepare schedule of Council Instructions and Resolution Register	Schedule of Council Instructions prepared	None	
						Prepare a schedule for Council and Committee meetings	Schedule of meetings for July 2011 to June 2012 prepared and pending adoption by the Council	None	
						Facilitate approval by the newly elected council of: <ul style="list-style-type: none"> <li>▪ The Rules of Order and Code of Conduct for Councillors</li> <li>▪ Code of Conduct for Municipal Employees</li> </ul>	Preparation of these prescripts made and circulated to new councillors pending induction of councillors	None	

						<ul style="list-style-type: none"> <li>▪ Delegation of Functions and Powers of Council's political structures and administrative authorities for newly elected councillors on the Rules of Order and Code of Conduct for Councillors as well as Delegation of functions and powers</li> </ul>			
<b>Typing Pool</b>	Strengthen and facilitation of Councillor's Affairs	Ensure proper filing for Councillor's arrairs		All councillors to have personnel files		<p>Attending to pension benefits in respect of outgoing councillors</p> <p>Ensuring declaration of interests by newly elected councillors</p>	<p>Files for new councillors opened</p> <p>Declaration forms prepared for signing by councillors</p>	None	

<b>Reprographics</b>	Improving the Printing Room operations	Develop checking mechanisms		All printing done to be properly documented		Introduce Request Forms for printing of documents	Request forms prepared	None	
						Introduce Printing Register	Printing register prepared	None	
						Binding of incorrectly bound minutes	Binding in progress		

Key Performance Area	Strategic Objective	Activity	Output / KPI	Timeframe	Target Quarter 4	Progress Report	Challenges
	Internet access	Install internet access in the following libraries: <ul style="list-style-type: none"> <li>▪ City library</li> <li>▪ Ngangelizwe library</li> <li>▪ Ikwezi library</li> <li>▪ Civic centre library</li> </ul>	Internet access for community activated at KSD libraries		Ensure availability of infrastructure and Internet Media	Telkom issued official orders for all sites for the installation of ADSL lines. Civic centre library and City library has been installed, just awaiting configuration for public usage.	Ikwezi and Ngangelizwe libraries are lacking in Telkom infrastructure. This is being followed up with Telkom
	Upgrading of Microsoft packages and operating system licence and desktops and servers	Acquiring and deployment of latest Microsoft Technology Systems on desktops and servers.  Training	Latest Microsoft packages and operating systems on desktops and servers acquired and deployed		Present the benefits of Enterprise Agreement to Corporate Services Management and ICT Steering Committee  High level presentation by a Microsoft partner to all KSD senior managers	These benefits have been presented and due to non attendance of the ICT Steering Committee members, this presentation was not done.  High level presentation was done by Microsoft to management and it was agreed that this be taken forward by ICT to acquire the	

						<p>enterprise agreement licence package.</p> <p>Proposal from Microsoft Ireland has been received. Procurement process is almost complete – just waiting for online signature</p>	
	Virus software licence	Renewal of virus software licence	Virus software renewed		All computers / servers installed with an up to date virus signature	All computers and servers have been installed and updated. The process of virus removal continues	

LG KPA	Infrastructure & Service Delivery		Functional Area		Infrastructure			
Focus Area	Departmental Objectives (with measurable annual target)	Key Performance Indicator	Strategies / Projects / Activities	Baseline	Achievement for the year			
					Quarter 1	Quarter 2	Quarter 3	Quarter 4
	To reduce the potholes patching backlog to 600m <sup>2</sup>	The % reduction on the potholes patching backlog	Updating of pothole register – Pothole	Potholes patching backlog	2500m <sup>2</sup>	1500m <sup>2</sup>	1500m <sup>2</sup>	1500m <sup>2</sup>
	To undertake maintenance of at least 300 km of rural roads	No of km of gravel roads maintained	Gravel roads maintenance		270km	110km	80km	30km
	To rehabilitate 72km of rural roads at a rate of 6km/month	No of kms of rural roads resurfaced per month	Rehabilitation of rural roads		10km	28km	20km	10km
	To resurface 24km of urban roads at a rate of 2km per month	No of kms of urban roads resurfaced per month	Resurfacing of urban roads		6kms	12kms	5kms	6kms
	To rehabilitate 12km of pavements @ 1km per month	No of kms of pavements rehabilitated per month	Pavement rehabilitation		2kms	8kms	2kms	2kms
	Maintain supply of electricity while repairs are carried out in all areas of the town	Deal with daily faults reported	Handle calls received from call centre and the department in a prompt and efficient		65 mV faults repaired	35 mV faults repaired	30 mV faults repaired	30 mV faults repaired



			manner					
	Renew and replace critically unsafe electrical installations in all areas of Mthatha	Number of accidents reported	All installations been inspected and evaluated on safety and those found to be high risk are to be attended to as a priority task.		50% of installed transformers	10% of installed transformers / mini substations	8% of installed transformers / mini substations	20% of installed transformers / mini substations
	Replace and repair street lights in all areas of Mthatha	Number of street lights upgraded for effective functioning	Maintenance and repairs of existing facilities and installation of new equipment		200 S/L poles	100 S/L poles	100 S/L poles	100 S/L poles
	Replacement of critically unsafe distribution kiosks in the CBD and old residential areas	Improve power supply	Maintenance and repairs of existing facilities and installation of new equipment		200 new kiosks	5 new kiosks	5 new kiosks	1 new kiosk

COMMUNITY SAFETY DEPARTMENT									
Performance Report from Quarter 1 July 2010 to September 2010									
Key Performance / Focus Area	Measurable Objectives	Major Activities/ Projects	Key Performance Indicator	Budget	Baseline	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FIRE OPERATIONS									
	Reduction in loss of life and property.	Monitoring and evaluation of response times to emergency incidents.	Adhere to Legislation regarding response times to incidents within 12 km radius.		5 minutes	60%			
	Training of officers as Fire Instructors (3)	Increase competency level of staff.				10%			

FIRE SAFETY									
	On going community awareness programmes are conducted. Business community included	Initiation of programmes earmarked targeting rural communities and schools and also business	Comply with legislation Sans Code 10090 Community Protection and Building Regulations Code 10400		10 per month	35%			
	Inspection of business premises and issuing of flammable liquid and gas permits	Done on an annual basis on expiry of permits	Business to comply with various legislations		8 per month	25%			
	Training of business communities on fire training	As per request	Comply with various legislations			20%			
Municipal Financial Viability and Management	Improve service delivery	On the verge of purchasing of Hazmat vehicle and equipment		R 600 000	Awaiting on SCM to put on tender				
	Increase revenue collection for permits and inspection	Yearly renewal of permit		Permits: R52 271.02	Compliance with legislation	25%			

	External fire training			R2168.40					
	Decrease in training cost of staff	Interrelations hip with Ethekeweni Metro for training of staff at no cost to municipality				10%			
Public Participation and Good Governance	Increase level of competency of staff	Formed joint partnership with Ethekeweni for fire training.			Ongoing				
<b>DISASTER MANAGMENT</b>									
<b>Traffic Services</b>	Reduction of illegal parking	Foot and mobile patrols in CBD area and towing of vehicles.  2320 Section 341 tickets were issued out of which 78 were paid.  Embarked on spot fines.	Compliance by public.  Reduction of illegal parking  Improved revenue collection amounting to <b>R140 000-00</b>		40% Performan ce has started	50%			
	Manning of speed device.	Capturing of speed violation.	Compliance by motorists.  Reduction of		30%	50%			

		Embarked on spot fines.	road accidents.  Revenue collection of <b>R5 800-00</b> was realized.						
	Reduction of traffic congestion.	Manning of points and critical intersections.	Smooth flow of traffic and Reduced traffic congestion.		50% Manageable	50%			
	Enforcement of Road Traffic Act	Patrols within the CBD area.  78 Section 56 were issued out of which 29 were paid.	Public compliance  Revenue collection of <b>R37 125-00</b> was realized.		40%				
	Elimination of car wash on the streets.	Conducted awareness the public to stop car washing on the street.			20%	20%			
	Removal of unroadworthy vehicles from the road.	Manning of roadblocks on R61 and N2 with effective arrests.  Embarked on spot fines.	Reduction of use of unroadworthy vehicles.  Reduction of accidents and drivers without driver's licenses.		50%	50%			

			Revenue collection of <b>R85 100-00</b> was realized.						
<b>By-Law Enforcement</b>	Illegal Vending.	Foot patrols at prohibited street within CBD area.	Compliance by public and businesses.  Reduction of illegal vending.		40%	30%			
	Noise Pollution.	Embarked on patrols to control illegal street music promotion.  Issued notices to stop illegal promotions.  Educated public and businesses about the procedures to follow on promotions.	Reduction of noise pollution.		45%	50%			
	Elimination of car wash on the streets.	Embarked on joint operation with Traffic and SAPS.  Towed motor vehicles and	Reduction of car wash on the streets.  Compliance by public.		30%	30%			

		payments were made.							
	Reduction of squatter camps.	Mobile and foot patrols in and around CBD area.  Served notices to illegal structure occupants.  Demolished illegal structures / shacks.			50%	Ongoing			
<b>Crime Prevention</b>	Provide a safer environment for the public and business community.	Foot and mobile patrols in and around KSD area.  Identification and manning of critical areas in CBD area.  Conducted body searches and confiscated 147 knives.  Conducted joint	Reduction of crime.  Compliance by public.  Improved relations with the community.		70%	80%			

		<p>operation with SAPS. Difficult / hot spots of crime were visited.</p> <p>Confiscated illegal items i.e. suspected stolen properties / motor vehicle, drugs, illegal firearms and dangerous weapons.</p> <p>Conducted Crime Awareness campaign to the public on bank robbers at ATM's / swooping and stealing of bank cards.</p> <p>Notified the public to attend Community Policing forum meeting.</p>								
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	Stray Animals	<p>Mobile and foot patrols conducted to impound stray animals within the KSD area.</p> <p>50 cattle were confiscated and handed to SPCA impoundment yard.</p>	<p>Reduction of stray animals on the roads.</p> <p>Reduction of accidents.</p>		30%	40%			
	Illegal Dumping / Littering	<p>Educated public about illegal dumping.</p> <p>Organised dust bins for each business and streets within the CBD area.</p>		60%	65%				
<b>Security</b>	Safeguard Municipal properties and installations	Out of 25 (twenty five) depots only 5 (five) which are DLTC, VTS, New Stadium, Munitata Building and Municipal Stores are being	Outsourced function to private security services on a month to month basis contract.		Month to month contractual basis until tender process is completed .				

		guarded by private security company due to shortage of Municipal Staff and serious continuous office break ins and theft.							
		Traffic Premises have been guarded by Municipal Security personnel since September 2010 to date.							
	Access Control on Council building	Several office breakings and theft of equipment has occurred within this period. All employees and visitors to KSDM are searched as they come in and out at the main entrance of Munitata.	Outsourced function to private security services on a month to month basis contract.  Reduction of breakings, theft and trespassing.  Controlled movement.						

		Visitors are made to complete a visitor's register at main entrance.							
Support Services	Data Capturing of Traffic tickets, payment reports and storage of traffic offences created by offenders through Trafman System.	Non taken as we are awaiting installation of new system. No work done in the system.			Ongoing	40%			
Section 54 Summonses and a Dot Matrix Printer.	Printing of Section 54 summonses to allow the relevant offenders to appear before the magistrate.	Non taken as we are awaiting installation of new system.			Ongoing	10%			
Illegal Vending	Keeping track record of illegal traders/vendors	This function is being done by Law Enforcement Officers. Payments are made at			Ongoing	5%			

		Traffic division. No illegal traders have been reported arrested during this period.							
<b>Transport Report.</b>	Maintenance and service of vehicles used by Law Enforcement and Traffic Divisions	(i) <b>Unit 350</b> is reported to have its clutch changed on 16 August 2010 by Meyers Motors. (ii) On 13 August 2010, a cluster rod was changed on <b>Unit 379</b> by Mthatha Engineering and the same unit had its speedometer and door handles repaired by KSD Municipal workshop. (iii) <b>Unit 388</b> was involved in an accident with			Ongoing				

		a heavy motor vehicle at Owen Street on 29 September 2010. The accident was reported at Central Police Station with <b>A/R NO.</b> 339/09/2010 and <b>OB. NO.</b> 1279/09/2010.							
<b>Weapons and Communication Radios.</b>	Safe keeping of firearms and communication radios	Register of firearms and communication radios is compiled and updated by the stores and Logistics Clerk for reporting purposes. Process of ordering weapons has been stopped because of the bad conditions of surf and poor conditions of			Ongoing	50%			

		security.  <b>The total number of firearms that are in use at the moment is 10.</b>							
<b>Road Marking and Signage</b>	Maintenance of roads and streets and ensure adequate road signage		Visibility of road signs.  Reduction of transgressions and accidents.		Ongoing	75%			
<b>Court Processes</b>	Ticket Administration of Section 341, 54 and 56 notices	Section 341, 54 and 56 notices were sent to court for trial/ or prosecution on different trial dates.  Awaiting installation of new system.	Ticket follow ups.  Revenue collection  The following monies were received from Mthatha Magistrate Office: 11 August 2010, <b>R23650-00</b> for Traffic and Littering Fines for May and June 2010; 28 September 2010, <b>R25950-00</b> for July and		Ongoing	60%			

			August 2010 Municipality's Littering and Traffic fines.						
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**Performance Report from Quarter 3 January 2011 to March 2011**

<b>KEY PERFORMANCE</b>	<b>OBJECTIVE</b>	<b>ACTION</b>	<b>DELIVERABLES</b>	<b>TARGET</b>	<b>3rd QUARTER</b>	<b>RECOMMENDATIONS / COMMENTS</b>
Fire And Rescue Services	To reduce the loss of life and property.	Training staff on all aspects of fire and emergency.	Reduction in loss of life due to fires. Reduction in loss of property.  Fire Calls: 31 Motor Vehicles Accidents: 9 Special Calls: 8	Ongoing	60%	Increase fire awareness.
	Inspection of businesses premises for compliance with fire safety standards and regulations.	Inspection of business premises	Inspection of buildings and taverns: 11	Ongoing	50%	Good co-operation from business owners and eager to comply due fire awareness education.
	Inspection of Building Plans.	To check for compliance of building regulations.	Building Plans Approved: 4	Ongoing 11 as per submission of plans	50%	There is more co-operation in building regulation compliance.
	Reduce Fire Risk	Inspection of fire hydrants	15 hydrants were inspected	Ongoing	25%	



	Training	Skills development	<p>Self development - 3 Staff members went on an examination seminar at Ethekwini Fire Service.</p> <p>Daily training conducted internally.</p> <p>Chief Fire Officer is running a Basic Officers Course for DO Silo and SO Mvange.</p> <p>Gas auditing and awareness of usage of gas.</p>	Ongoing		More training is needed for operational firefighting staff to reach level of competency.
	Staffing	<p>Critical vacancies to reduce shortage of staff.</p> <p>Report submitted to HR, for Key Point staff to become permanent Fire Fighters.</p>	<p>4 Fire Fighter vacancies have been advertised will be shortlisted soon.</p> <p>Awaiting confirmation from Human Resources</p>		0%	<p>Process is in place</p> <p>Have been included in the next budget of 2011/2012.</p>
		Staff Turnover.	<p>Leave: 1</p> <p>Accumulated leave: 1</p>			
	Vehicles	<p>Working Order</p> <p>Workshop for repairs</p>	<p>On run: 4</p> <p>Out of order: 3</p>			

Motor Vehicle Registering Authority	To ensure that all vehicle registration applications are processed for motorists to comply with National Road Traffic Act.	Register and licence motor vehicles in the jurisdiction of KSD Municipality. Issue licence discs to roadworthy motor vehicles.	<div>Number of transactions performed during this period.</div> <div><div>Mthatha RA:</div><div><div>M/V Reg</div><div>1590</div></div><div><div>Renew.</div><div>7454</div></div><div><div>Dereg.</div><div>122</div></div><div><div>Dupl.</div><div>43</div></div><div><div>Temp Permt</div><div>38</div></div><div><div>Spcl Permt</div><div>21</div></div><div><div>Confirm m/v</div><div>13</div></div><div><div>PLN</div><div>26</div></div></div> <div><div>Mqanduli RA:</div><div><div>M/V</div><div></div></div><div><div>Reg</div><div>98</div></div><div><div>Renew.</div><div>590</div></div><div><div>Dereg.</div><div>9</div></div><div><div>Temp Permt</div><div>34</div></div><div><div>Spcl Permt</div><div>8</div></div><div><div>Confirm</div><div>Nil</div></div><div><div>PLN</div><div>2</div></div></div> <div>Reduction of deaths due to unlicensed and unroadworthy of motor vehicles on public road. Reduction of theft of stolen motor vehicles.</div>	Ongoing	25%	Continuous training and development of the staff.
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	Improve the service rendered to the public.	Increase staff levels and filling of vacant posts.	Reduction of long queues and client satisfaction	Ongoing	25%	Junior posts (licensing officers) have been advertised long ago in February, still waiting for the selection process in HR. A bigger and safe environment is needed due to capacity of clients
		Purchased of water cooler for clients.	Clients are now having clean drinking water as per the conditions of the SLA and "Batho Pele" principles for Motor Vehicle Registering Authorities.			
		Purchasing of the minimum requirement to improve service standard	An air-conditioner has been purchased and fitted in the waiting room where people are sitting on queues.  Purchasing of the water cooler is in process.			The Service Level Agreement with the DoT stipulates clearly that there must be clean drinking water for the members of the public in the Registering Authorities.
	Revenue collection.	Reconcile money collected against face value documents are deposited to the bank daily.  Face value documents issued to the licensing officer are checked and balanced daily.	Money collected during this period is as follows: Mthatha RA: R1 192 051.41  Mqanduli RA: R59 182.39  Total: R1 251 364.80 (Statistics report attached as per Annexure B).	Ongoing		Mqanduli RA had a problem of not collecting money as usual due to power outage in February 2011 and as result some other eNaTIS wires damaged.

Vehicle Testing Station	To reduce unroadworthy vehicles by testing them for roadworthiness.	Improvement of roadworthy vehicles and reduction of accidents.	<p>Tested Motor Vehicles as follows:</p> <p>126 Road Worthiness Certificates applications for buses were processed.</p> <p>778 Road Worthiness Certificates applications for goods vehicles were processed.</p> <p>995 Road Worthiness Certificates applications for other vehicles were processed.</p> <p>1838 Certificates of Road Worthiness were issued.</p>	Ongoing	25%	Council should consider increase of budget for the Station to meet its requirements.
		Assessment of examiners	Weekly assessment of examiners to ensure proper and efficient vehicle examination.	Ongoing	100%	
	Revenue collection	Daily Reconciliation and Banking	R460746.00 was collected. (Statistics report attached as Annexure C)	Ongoing	100%	

Driver Learner Test Centre	<p>To use learners driver licence to ensure road safety</p> <p>To issue drivers licence with professional driving permit</p> <p>To improve service rendered to the public.</p> <p>To equipment driving school with instructors certificate.</p>	<p>Tested drivers for fitness and issued learners licence driving professional driving licence and processed licence renewal.</p>	<p>Compliance with national Road Traffic Act.</p> <p>Increase in road safety driver's license by issuing the following:</p> <p>Drivers licence=7409 PRDP = 1556 Licence issued = 2150 Duplicate learners =59 Learners = 754</p>	Ongoing	25%	<p>Increase budget for the building in order to be able to partition and paint.</p> <p>Provide funds to purchase additional computers.</p> <p>Provide separate account for DLTC in order to pay PRODIBA fees in time.</p> <p>Fill vacant posts for cashiers.</p>
	Revenue collection	Daily Reconciliation of licenses / permits and Banking for.	R1 484 023-00 was collected during this period. (Statistics report attached as Annexure D).	Ongoing		

CRIME PREVENTION	Provide a safer environment for the public and business community.	<p>Conduct foot and vehicle patrols around the CBD areas</p> <p>Conduct body and vehicle search</p> <p>Confiscate all illegal weapons and harmful drugs</p> <p>Arrest all the people who break the law.</p> <p>Attend to public complaints and court cases.</p>	<p>09 knives were confiscated from the CBD.</p> <p>04 envelopes of dagga were found without owner with OB NO 321/03/11</p> <p>03 Boss tablets were confiscated.</p> <p>02 cell phones were confiscated for being suspected as stolen property.</p>			
	VISPOL activities	<p>Conduct foot and vehicle patrols around the CBD and the suburbs.</p> <p>Conduct body and vehicle search</p>	<p>11 knives were confiscated from the CBD</p> <p>16 complaints were attended but 3 of them are still pending.</p> <p>1 and a half envelop of dagga</p> <p>A number of cases were reported to SAPS with the following case numbers:</p> <ul style="list-style-type: none"> <li>▪ CR NO 27/02/2011 for a person who took a ticket book from a traffic officer</li> <li>▪ CR.NO 36/02/2011 for insult</li> <li>▪ CR.NO 56/02/2011 for dealing with dagga</li> <li>▪ CR NO 57/02/2011 for house</li> </ul>	90%	Ongoing	

			<p>breaking</p> <ul style="list-style-type: none"> <li>▪ CR NO 297/02/2011 for dealing with dagga</li> <li>▪ CR NO 520/02/2011 for robbery</li> <li>▪ CR NO 298/02/2011 for dealing with dagga.</li> <li>▪ IB NO 236/02/2011 for an unidentified person was found dead at Mancane's Tavern and we called SAPS and left the matter with them.</li> </ul> <p>About 90 pieces of cutlery suspected to have been stolen were brought in by a community member (Mrs Liwani).</p> <p>A mentally disturbed man was taken to psychiatry hospital.</p> <p>A man was released on warning for gambling with bottle caps.</p> <p>A refrigerator suspected to have been stolen was confiscated from two boys who thereafter ran away.</p>			
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By-Law	<p>To eliminate illegal trading on prohibited areas.</p> <p>To eliminate display of goods on verandas, sidewalks and Irelands.</p> <p>To eliminate doing of hair on the streets.</p>	<p>Conduct foot and vehicle patrols in the CBD are</p> <p>Cordon the specified areas</p> <p>Distribute notices to business owners and the hawkers</p> <p>Inspect rental permits if whether are valid or not</p>	<p>242 sets of goods were confiscated from different vendors.</p> <p>30 sets of goods were paid cash with the sum of R6000-00.</p> <p>13 set of goods were released on warnings.</p> <p>03 sets were condemned and were taken to a dumpster at Tyumbu.</p>	80%	Ongoing	
	Eliminate washing of vehicles on the streets	Embarked on joint operations with the KSDM Traffic Response Unit	Searched about 1312 vehicles on blocks and Impounded about 160 vehicles			
	Revenue Collection		R6900-00 was collected for both Mthatha and Mqanduli during this period. (revenue is included in the total amount for Traffic Section)			
Traffic Services	Traffic Congestion Relief	Manning of critical points during peak periods in the CBD	<p>Compliance by motorists and the pedestrians.</p> <p>Free flow of traffic and reduction of accidents.</p>	70%	80%	There is a decrease in traffic congestion



	Removal of unroadworthy vehicles	Conducted 108 roadblock operations during this quarter along R61 and N2 at Ncambedlana bridge, Police Camp, Old Enkululekweni and Tutor Ndamase Ave, Ultra City.	1191 vehicles were charged for unroadworthiness and fines were paid at the office. An amount of R666700 was collected in those operations. 31 vehicles were suspended.	50%	70%	Reduction of rate of accidents
	Reduction of illegal parking	Both foot and mobile patrols were made. Vehicles parked illegally were towed in and spot cash was made. 3150 sec. 341 tickets were issued for illegal parking.	Compliance by public. Reduction of illegal parking.  295 Section 341 tickets were paid, 159 tickets are unpaid. 8263 Section 56 summonses were issued.  An amount of R 337200 was collected during this quarter.	70%	60%	There is a decrease in traffic congestion
	Manning of speed device camera	Reduction of speed offences through speed traps and the prevention of accidents and other generic offences.	During this quarter 2210 tickets for speed were issued and 614 were paid. An amount of R3000 was collected for speed.	30%	40%	Improvement in reducing of excessive speed.
Road Traffic	Reduction of traffic congestion.	Manning of points and critical intersections.	Reduced traffic congestion.	60%	50%	Obstruction is under control.
	Elimination of street car washing	Towed vehicles that are washed on the street. Fines were imposed.	Reduction of car washing on the street. 51 vehicles were towed in and an amount of R 14300 was collected. Mid February towing of the vehicles for on-street washing was laid off because officers concentrated on roadblocks out side town.	50%	60%	There is need of by-laws that cover the prosecution of car washer as well as the driver or the owner of the motor vehicle should be in place.

	Revenue Collection	Improved revenue collection by embarking on road blocks and parking offences.	An amount of R 1 021 200.00 was collected during this period.			<p>Handling of finances is still in the right direction and there are attempts that are being made to improve the situation.</p> <p>This division is over 100% in terms of budgetary needs.</p> <p>Since we handle a lot of money in this office, there is a need for a safe for the safe keeping of the money.</p>
Road Safety (Traffic Safety Management)	Educate road users on road safety aspects for changing of behaviors towards reducing road accident road injury.	<p>Conducted school safety programs and educated learners on how to cross to the roads and advise them to use pavement.</p> <p>Visited six schools to arrange appointment for school presentation.</p>	<p>Educated learners to the three schools. Educated about 2000 road users' vulnerable road users, pedestrians, motorists focusing on safety belts, fatigue, over speed.</p> <p>Schools postponed appointment until further notice.</p>			<p>At E.W.Pearce, speed humps to be reconstructed.</p> <p>Kanyisa School, speed humps to be reconstructed.</p> <p>To make a follow-up in securing appointment.</p>

	Traffic Congestion relief	<p>Collect and analyze accident stats.</p> <p>Traffic survey at intersection at WSU, Sutherland &amp; Owen, Nelson Mandela drive and York road.</p> <p>Attended Operation Asihleki launch and joint road block with KSD Traffic Control and Provincial Traffic.</p>	<p>Three accidents at York Road and two at Nelson Mandela Drive we attended during this period.</p> <p>Focused on Road Safety and total removal of unroadworthy vehicles on the roads.</p>			
	To ensure that debris and stray animals are removed from the road.	Manage stray animals and remove debris from the road.	256 stray animals were removed from the road and educated three herd boys.			Fencing is needed and meetings to be conducted with the community leaders.
<p>SUPPORT SERVICES:</p> <p>Data capturing of Section 341 &amp; 56 Notices as well as payments made</p>	<p>Data capturing and storage of traffic offences created by offenders.</p> <p>Payment reports</p>	Follow up has been made with Supply Chain section to find out how far they have gone with sourcing of the new system. The manager in charge suggested that we approach the company that repairs robots to request them to do capturing. This will need the Director's approval.	No capturing has taken place thus far.	Ongoing	0%	Director to give guidance with regard to the advice by Supply Chain

Dot Matrix Printer and Section 54 Summonses.	Printing of Section 54 summonses to allow the relevant offenders to appear before the magistrate.	No work done due to the same system related matter	Non due to the system problem	Ongoing		Director's Intervention to speed up the installation of the system
Illegal Vending, Impounded vehicles and exhibits.	Illegal vending, Impounded vehicles and exhibits.	Keeps statistics and records of impounded goods, vehicles and exhibits.	Illegal vendors are arrested by the Law Enforcement Officers.  No information is delivered to this Division as the function has been taken up by Protection Services.	Ongoing		Employment of exhibit clerk for reporting purposes
Transport	Record keeping and vehicle maintenance.	Function outsourced to Makhubu Consortium. Awaiting their feedback	Written to Makhubu Consortium and requested them for the following information: <ul style="list-style-type: none"> <li>Records relating to conditions of vehicles including service records.</li> <li>Expenditure for repairs and service.</li> <li>Accidents records and outcomes in terms of enquiries.</li> </ul> The following units: 389, 379 and 388 were taken for repairs during the month of March 2011.  The condition of 3 hired cars is still good and no faults have been reported up to so far.	Ongoing	40%	More vehicles are to be acquired for Traffic, Law Enforcement and Support Services Divisions.
Firearms and Communication	Safe keeping, recording and	Maintenance of registers for firearms and radios.	Register of firearms and communication radios is	Ongoing	50%	All end users to get competency certificates

Radios	maintenance/inspection of equipment.		<p>compiled and updated.</p> <p>Firearm with serial number 98616 has been taken by Libode SAPS for ballistic test. It is alleged that this was used by Mayoral VIP, M. Racaza in a shooting incidence of 18/11/2010.</p> <p>Another firearm with serial number 98638 is being withheld at Central Police Station pending the submission of its licence by KSD Municipality. It is alleged that the Mayoral VIP, T. Ceba was arrested in possession of this firearm on a political incidence on 31/03/2011. This firearm will be released once its licence is available.</p>			to handle fire arms
Road Marking and Signage	Maintenance of roads and streets.	<p>Markings done as follows:</p> <p>Distance of 390m x 100mm for solid red line done.</p> <p>Distance of 660m x 100mm for solid white line done</p> <p>Distance of 2110m x 100mm broken white line done.</p> <p>12 pedestrian crossings done</p>	<p>Road signage inspection done.</p> <p>The streets were marked as follows: Elliot St; York road; Surtherland; Owen; Oxland and Chattam.</p> <p>The following stock of paint was used:</p> <ol style="list-style-type: none"> <li>83 x 5 liters of white paint.</li> <li>12 x 5 liters of red paint</li> <li>19 x 5 liters of yellow paint.</li> </ol>	Ongoing	50%	<p>Provision of vehicles.</p> <p>Infrastructure to repair damaged streets. Streets cannot be marked in a proper way because of their bad condition.</p>

		<p>202 parking bays marked.</p> <p>30m of solid yellow line done</p> <p>8 stop intersections done</p> <p>27 combined yellow and white arrows done</p> <p>33 white blocks done</p>	<p>The available stock of paint is as follows: Yellow- 147x5 Liters, Thinners- 2x5 Liters.</p> <p>The other stock of paint has been ordered from Sizwe Pints in Port Elizabeth but is not delivered yet.</p> <p>Road signage was installed as follows: (a) Speed Limit signs – 12, No Hiking Signs- 4, Stop Signs- 3,</p>			
Court Processes	Ticket Administration of Section 54 and 56 Summonses.	600 warrant of arrest with a projected fine value of R500 000-00 are readily available to be served by the Protection Services Division.	No feedback is being received from traffic as to how many have been served and how many are in dispute. This then makes it difficult to give estimate of revenue collected.	Ongoing		At least two officials: Warrants & Representations and Summonses Clerk are to be allocated mainly for court processes for the sound efficiency and effectiveness.

**Performance Report from Quarter 4 April 2011 to June 2011**

<b>KEY PERFORMANCE</b>	<b>OBJECTIVE</b>	<b>ACTION</b>	<b>DELIVERABLES</b>	<b>RECOMMENDATIONS / COMMENTS</b>
Fire And Rescue Services	To reduce the loss of life and property.	Training staff on all aspects of fire and emergency.	Reduction in loss of life and property due to fires. Fire calls attended 64, special service call 5, permits issued 2, motor vehicle accidents 8, 30 torches purchased and batteries. R 70 000 of refurbishment of control center in Vulindlela Heights. External training of Plascon company – 6 members were trained and paid the amount of R 1626 was paid.	Increase the budget for the renovations.  Increase fire awareness  Good cooperation from business owners and eager to comply due fire awareness education
	Inspection of businesses premises for compliance with fire safety standards and regulations.	Inspection of business premises	Inspection of buildings and taverns: 11	Good cooperation from business owners and eager to comply due fire awareness education
	Inspection of Building Plans.	To check for compliance of building regulations.	5 plans were scrutinised and inspected	There is more cooperation in building regulation compliance
	Reduce Fire Risk	Inspection of fire hydrants	20 hydrants were inspected	
	Training	Skills development	Daily training conducted internally	More training is needed for operational fire fighting staff to reach level of competence

	Staffing	Critical vacancies to reduce shortage of staff.  Report submitted to HR, for Key Point staff to become permanent Fire Fighters.	4 Fire Fighter vacancies have been advertised will be shortlisted soon.  Awaiting confirmation from Human Resources	Process is in place and have been included in the budget of 2011/2012
		Staff turnover	Leave – 1 Accumulated leave – 1	
	Vehicles	Working Order  Workshop for repairs	On running – 5  Out of order – 2	
	Revenue collection	Plascon company – 6 members were trained and paid the amount of R 1626 was paid.	An amount of R1626.00 was paid from Plascon	
Disaster Management	Disaster awareness programmes	To alert the communities to be aware of disaster risk that they may occur during winter season as a result of veldt fires and informal settlement fires	On the 12 <sup>th</sup> of May 2011, Disaster visited the Mqanduli Farmer's Association to let them be aware of veldt fires and take responsibility whe fire occurs in order to prevent starvation of animals	It is recommended that the municipality must assist in the facilitation of fire belts in rural areas and construction of fire satellite center. Training of communities in fire related matters and recommends that the communities must be provided with fire extinguisher equipment.
	Activation of volunteers	To check whether we still have enough volunteers in each wards	On the 5 <sup>th</sup> of April 2011 we have trained disaster stakeholders and volunteers on disaster risk assessment	Volunteers must be assisted with stipend and reflector jackets. Promotion of regular workshops with disaster stakeholders and volunteers.
		Disaster management together with rural development visited Mvezo village in order to check whether temporary structures that were provided for the communities were still intact	Disaster management requested rural development to extend the services to other needy wards	KSD Municipality should strengthen these intergovernmental relations in order to improve service delivery
Motor Vehicle Registering Authority	To ensure that all vehicle registration	Register and licence motor vehicles in the jurisdiction of KSD Municipality. Issue	Number of transactions performed during this period.	



	applications are processed for motorists to comply with National Road Traffic Act.	licence discs to roadworthy motor vehicles.	<b>Mthatha RA:</b> M/V Reg 1479 M/V Renwl 6436 M/V Dereg 116 M/V Dupl 38 Temp Perm 42 Spcl Perm 20 Conf of M/V 31 PLN 30  <b>Mqanduli RA:</b> M/V Reg 113 M/V Renwl 806 M/V Dereg 19 M/V Dupl 4 Temp Perm 16 Spcl Perm 5 PLN 3  Reduction of deaths due to unlicensed and unroadworthy motor vehicles on public roads. Reduction in theft of stolen vehicles.	
	Improve the service rendered to the public.	Increase staff levels and filling of vacant posts.	Reduction of long queues and client satisfaction	Interviews for the junior posts have been done but due to staff moratorium, this has been put on hold. This matter needs serious consideration as our function is different from others. Service delivery is being hampered and staff are getting demoralized day by day
	Revenue collection.	Reconcile money collected against face value documents are deposited to the bank daily.  Face value documents issued to the licensing officer are checked and	Money collected during this period is as follows:  <b>Mthatha RA:</b> R1 198 790.10  <b>Mqanduli RA:</b>	Mqanduli RA had a problem of not collecting money as usual due to power outage in February 2011 and as result some other eNaTIS wires damaged.

		balanced daily.	R96 862.86	
			<b>Total = R 1 295 652.96</b>	
Vehicle Testing Station	To reduce unroadworthy vehicles by testing them for roadworthiness.	Improvement of roadworthy vehicles and reduction of accidents.	<p>Tested Motor Vehicles as follows:</p> <p>96 Road Worthiness Certificates applications for buses were processed.</p> <p>701 Road Worthiness Certificates applications for goods vehicles were processed.</p> <p>996 Road Worthiness Certificates applications for other vehicles were processed.</p> <p>3 Road Worthiness Certificates applications for motorcycles were processed.</p> <p>1790 Certificates of Road Worthiness were issued.</p>	Council should consider increase of budget for the Station to meet its requirements.
		Assessment of examiners	Weekly assessment of examiners to ensure proper and efficient vehicle examination.	
	Revenue collection	Daily Reconciliation and Banking	R477006.00 was collected.	

Driver Learner Test Centre	<p>To use learners driver licence to ensure road safety</p> <p>To issue drivers licence with professional driving permit</p> <p>To improve service rendered to the public.</p> <p>To equipment driving school with instructors certificate.</p>	Tested drivers for fitness and issued learners licence driving professional driving licence and processed licence renewal.	<p>Tested learners and drivers licences as follows:</p> <p>Application learners licence PRDP category G&amp;P PRDP category P&amp;D Applications Heavy MV driving licence Applications Light MV driving licence Duplicate learners Driving licence Learners licence issued DL Card Temporary driving licence</p> <p>Compliance with National Road Traffic Act</p> <p>Increase in road safety</p>	<p>Vacant posts needs to be filled.</p> <p>Office accommodation is still a problem.</p> <p>Testing ground should be fenced and the road to the center should be tarred.</p>
	Revenue collection	Daily reconciliation of licences / permits and banking for.	R 1 365 445 was collected during this period.	
Crime Prevention Security	No submission			
	To manage vehicle pound yard. To keep stock and records to monitor the impounded vehicles and to secure the impounded property	To assign a person to main vehicle pound. To ensure that required documents or payment are produced before a vehicle is released. To inspect vehicle for any damages, dents, jack and spare wheel.	From the 1 <sup>st</sup> April to the 3 <sup>rd</sup> all in order one vehicle impounded paid R800.00 from the 4 <sup>th</sup> April to 10 <sup>th</sup> 5 vehicles were impounded	The question of inspectors must be considered very soon

	Munitata (reception)	Three guards manning the reception	They are responsible for searching the people in and out recording all items e.g. laptops, weapons etc. All what is happening this month of April 2011 is the opposite of what they are supposed to do. The guards have no books to register their items, but their manager did nothing about those things.	Night guards have no firearms. I have requested to the private company security manager about his guards coming to work without firearms. Sir I would like your assistance in this regard.
	(basement)	He is responsible for controlling the motor vehicles and to avoid illegal parking in the basement	The guard was not doing his job, he fails to perform point, keeping the boom gate open and vanish in the	I recommend the guard who's name is Nkohla to be removed from this shift
		To control traffic into the premises	1 x guard deployed to monitor illegal parking or congestion of motor vehicles	From 10/05/11 to 16/05/11 Impounded = 17 Paid vehicles = 13 Released on warning = 4 Total = 34
	Traffic depot 4x rotating key point shift	To manage vehicle pound yard. To keep stock and records to monitor the impounded vehicles and to secure the impounded property	To assign a person to main vehicle pound. To ensure that required documents or payment are produced before a vehicle is released. To inspect vehicle for any damages, dents, jack and spare wheel.	01/05/11 to 05/05/11 Vehicles impounded = 5 Paid vehicles = 2 Released on warning = 3 Total = 10
		To manage vehicle pound yard. To keep stock and records to monitor the impounded vehicles and to secure the impounded property	To assign a person to main vehicle pound. To ensure that required documents or payment are produced before a vehicle is released. To inspect vehicle for any damages, dents, jack and spare wheel.	From 01/06/11 to 30/06/11 Impounded = 99 Paid = 76 Released on warning = 35 Total = 210
	Munitata reception 3x guards	To secure the main entrance to Munitata building	Record all non staff people entering the building including their electronic equipment laptops	From 05/05/11 to 10/05/11 Impounded = 10 Paid vehicles = 3 Released on warning = 7 Total = 20

	Town Hall or boom gate x1 guard	1 x guard deployed by the entrance	1 x guard deployed to monitor illegal parking or congestion of motor vehicles	From 16/05/11 to 31/05/11 Impounded = 11 Paid vehicles = 6 Released on warning = 4 Total = 21
Traffic Services	Traffic Congestion Relief	Manning of critical points during peak periods in the CBD	Compliance by motorists and the pedestrians.  Free flow of traffic and reduction of accidents.	There is a decrease in traffic congestion
	Removal of unroadworthy vehicles	Conducted 108 roadblock operations during this quarter along R61 and N2 at Ncambedlana bridge, Police Camp, Old Enkululekweni and Tutor Ndamase Ave, Ultra City.	63 vehicles were charged for unroadworthiness and fines were paid at the office during the month of April. An amount of R49800 was collected in those operations. No vehicles were suspended.	Reduction of rate of accidents
	Reduction of illegal parking	Both foot and mobile patrols were made. Vehicles parked illegally were towed in and spot cash was made. 3150 sec. 341 tickets were issued for illegal parking.	Compliance by public. Reduction of illegal parking.  31 Section 341 tickets were paid. 54 Section 341 tickets were issued. An amount of R 20 700 was collected during this month. 43 Section 56 summonses were issued.	There is a decrease in traffic congestion
	Manning of speed device camera	Reduction of speed offences through speed traps and the prevention of accidents and other generic offences.	During this month 42 tickets for speed were issued.	
Road Traffic	Reduction of traffic congestion.	Manning of points and critical intersections.	Reduced traffic congestion.	Obstruction is under control

	Elimination of on-street car washing	Car washing prosecution has been put on hold. Concentration is on parking and moving violations		There is a need of by-laws that cover the prosecution of car washer as well as the driver or the owner of the motor vehicle should be in place
	Serving warrants of arrest	Defaulters were phoned and reminded about outstanding fines	A handful of them came and paid the fines. 11 warrants were paid	
	Revenue Collection	Improved revenue collection by embarking on road blocks and parking offences.	An amount of R 78800.00 was collected during this period.	<p>Handling of finances is still in the right direction and there are attempts that are being made to improve the situation.</p> <p>This division is over 100% in terms of budgetary needs.</p> <p>Since we handle a lot of money in this office, there is a need for a safe for the safe keeping of the money.</p>
Road Safety (Traffic Safety Management)	Educate road users on road safety aspects for changing of behaviors towards reducing road accident road injury.	<p>Conducted street education and educate the pedestrians about the robots use, the danger of jay walking and also assist with the elderly and the people with disability to cross</p> <p>Educate 3000 pedestrians how to cross safely and advise them to walk on pavements</p>	Compliance by pedestrians	Amendment of by-laws on pedestrians

	<p>Traffic Congestion relief</p>	<p>Collect and analyze accident stats.</p> <p>Manage intersections and advise traffic authorities of areas that require point duties and enforcement of traffic violations.</p> <p>Monitoring the hiking spots and educate the people not to hike in prohibited areas.</p> <p>Conducted joint road block with provincial road safety, Provincial Traffic and SAPS (body search was conducted during the road block)</p> <p>Educate the motorists on the following aspects, overspeeding, not to drink alcohol when driving, wearing of safety belts and overloading and educate 700 passengers</p> <p>SA Roadlink bus was confiscated to traffic department because the bus was using fraudulent books</p>	<p>Compliance by motorists and pedestrians</p> <p>Compliance by the motorists and pedestrians</p>	<p>Strong enforcement of traffic laws</p>
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	To ensure that debris and stray animals are removed from the road.	Conducted stray animal monitoring from N2 Mthatha to Mbashe, R61 Mthatha to Baziya and educated herd boys about the danger of stray animals to the roads.	Reduction of stray animals on the road  1530 stray animals removed from the roads  Reduction of accidents  Fencing has been constructed to some other communities	Animals that are found to the roads to be impounded, awareness campaigns has been conducted. To those areas where fencing is in progress the traditional leaders and the community should own the fence and the gates should be closed to safe guard the stray
Support Services	Data Capturing of Traffic tickets, payment reports and storage of traffic offences created by offenders	Follow up has been made with Supply Chain section to find out how far they have gone with sourcing of the new system. The manager in charge suggested that we approach the company that repairs robots to request them to do the capturing. This will need the Director's approval.	No capturing has taken place thus far	Feedback relating to the visit to Bloemfontein given to the Director for his decision. Still awaiting direction in this regard from Director
Court Processes	Ticket administration of Section 54 and 56 summonses	837 warrants of arrest with a projected fine value of R 644 800.00 (for the period November 2009 to December 2010) were given to Protection Services Division for execution	No feedback from Protection Services as to how many have been served as well as how many are in dispute	A Warrants and Representations Clerk is to be appointed for the sound efficiency and effectiveness



Dot Matrix Printer and Section 54 Summonses	Printing of Section 54 summonses to allow the relevant offenders to appear before the magistrate.	No work done due to the same system related matter	None due to the system problem	Director's intervention to speed up the installation of the system
	Illegal vending, impounded vehicles and exhibits	Keeps statistics and records of impounded goods, vehicles and exhibits	<p>Illegal vendors are arrested by the Law Enforcement Officers</p> <p>No information is delivered to this division as the function has been taken up by protection services</p>	Employment of exhibit clerk for reporting purposes
Transport	Record keeping and vehicle maintenance.	Function outsourced to Makhubu Consortium. Awaiting their feedback	<p>The total costs for hired vehicles during this quarter is R 224 202.30 and the number of litres of fuel consumed is 969 and the number of kilometers travelled is 4319.</p> <p>The hired Toyota Corolla with registration number FLN184EC was taken to Avis in East London for major service. This was also reported to Avis to have a dent on rear left hand bumper.</p> <p>Unit 389 had its clutch repaired by Little Rock</p> <p>Unit 388 has been taken to workshop because of faulty gears</p> <p>No accidents were reported during the period</p> <p>The following vehicles are still on lease contracts:</p>	One LDV vehicle is requested to be allocated for Support Services. This will be utilised for road markings.

			(i) Toyota Corolla – 2 (ii) Toyota Quantum – 2 (iii) VW Polo – 1  The total number of hired cars to date is 6	
Firearms and Communication Radios	Safe keeping, recording and maintenance / inspection of equipment	Maintenance of registers for firearms and radios	Register of firearms and communication radios is compiled and updated.  The following Law Enforcement Officers have been issued with competency certificates by the SAPS and as such are using the firearms when on duty: <ul style="list-style-type: none"> <li>➤ K. Magade</li> <li>➤ F. Sityebi</li> <li>➤ F.J. Sityo</li> </ul> Processes are underway to have the fingerprints taken on all Protection Services Officers	All end users to get competency certificates to handle firearms
Road Marking and Signage	Maintenance of roads and streets	Markings done as follows: <ul style="list-style-type: none"> <li>(i) Distance of 1250m x 100mm for solid red line done</li> <li>(ii) Distance of 3595m x 100mm for solid white line done</li> <li>(iii) Distance of 7375 x 100mm broken white line done</li> <li>(iv) 960 white parking bays</li> </ul>	Road signage inspection done  The streets were marked as follows: York, Elliot, Leeds, Sutherland, Madeira, Owen, Bridge, Chatham, Victoria, Durham, Craister, KSD basement parking, Main streets – Mqanduli, Sprigg Streets  The following stock of paint was used: <ul style="list-style-type: none"> <li>(i) 284 x 5 litres of white paint</li> <li>(ii) 55 x 5 litres of yellow paint</li> </ul>	Provision of vehicles  Streets cannot be marked in a proper way because of their poor road service

		<p>marked</p> <p>(v) 47 yellow parking bays marked</p> <p>(vi) 112 directional arrows marked</p> <p>(vii) 42 stop intersections done</p> <p>(viii) 18 yellow loading zones marked</p>	<p>(iii) 80 x 5 litres of black paint</p> <p>(iv) 59 x 5 litres of red paint</p> <p>The available stock of paint is as follows:</p> <p>(i) Yellow – 96 x 5 litres</p> <p>(ii) White – 39 x 5 litres</p> <p>(iii) Black – 120 x 5 litres</p> <p>(iv) Red – 141 x 5 litres</p> <p>The stock of paint that has been ordered during this quarter from Sizwe Paints has been received as follows:</p> <p>(i) 200 x 5 litres paint</p> <p>(ii) 300 x 5 litres paint</p> <p>200 x 5 litres red paint is expected to be received from the same company soon</p> <p>No road signage was installed during this period</p>	
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COMMUNITY SERVICES DEPARTMENT									
Performance Report from Quarters 1 and 2 – July 2010 to December 2010									
Key Performance/ Focus Area	Measurable Objectives	Major Activities/ Projects	Budget	Key Performance Indicator	Baseline	Quarter 1	Quarter 2	Progress Quarter 1	Progress Quarter 2
COMMUNITY SERVICES: PARKS AND AMENITIES									
Parks and Public Open Spaces	Enhance the aesthetic appearance of the area to support the tourism agenda and to conserve the environment by June 2011	Make over of Savoy Park	R29,8 million	% of completion	Phase complete	70% completion on Handing over	90% completion on Maintenance	20% complete	Ablution facilities and fencing complete
		Management & Maintenance of Waterfall Park		% of completion	Contractor on site, earthworks done				
		Tree planting and landscaping of open spaces, sidewalks, road islands & gateways		No of trees planted	50 trees planted			10 trees planted	
		Greening of Mthatha Airport &		% of completion	40 Beneficiaries appointed for 2 years			Greening of Mvezo & Qunu 40%	
				% of completion	Beneficiaries appointed				Greening of Mvezo & Qunu 80% complete

		Mvezo  Upgrading of Qunu Nursery  Grass cutting in parks and open spaces		Frequency of grass cutting	14 grass cutters procured			Grass cutting done in the CBD, Mqanduli, Norwood & Municipal properties	Grass cutting done in the CBD, Residential areas, Cemetery & Gateways
Engagement of co-operatives to assist with cleaning	To improve cleanliness of open spaces	Grass cutting and bush clearing	-	No of co-operatives appointed	Machinery procured for co-operatives	Appoint 3 co-operative s	Appoint 5 co-operative s	No Co-operatives appointed	1 Co operative appointed for 1 month for cleaning and grass cutting in Ngangelizwe
Maintenance of Cemeteries		Fencing of Main, Ncambedlana and Mqanduli Cemeteries	R1,2 million available	% of completion	Vandalism due to poor fencing	Develop Specifications & advertise	Fencing	No progress to date due to lack of funds	No progress to date due to lack of funds
Acquisition of new site for new cemetery	To provide land for burials for the community	Geotechnical information studies for a suitable site and fencing	R1,5 million					No progress to date due to lack of funds	No progress to date due to lack of funds
	Rehabilitation of Ngangelizwe and City Swimming Pool	Refurbishment of the building both at Ngangelizwe and City Swimming Pool, fencing,	R280 000 (R200 000 for Ngangelizwe & R80 000 for City Swimmin	% of Completion	Vandalism due to poor fencing	Advertise tender	Refurbishment	Clearance of site and problems identified	Phase 1 upgrading done through Urban Renewal Funding

		servicing of pumps, repairs to ablutions, painting.	g Pool						
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COMMUNITY SERVICES: SOCIAL SERVICES									
Access to Social Services	Improve access to free social services	Finalize Paupers Burial Policy  Develop Indigent register for social services  Conduct paupers burial assessment	R150.000	Policy available.  Indigent register updated  No of assessments conducted	Pauper Burial Policy tabled to the Committee for Community Services	Finalize the Policy	Policy Implementation	Policy returned by the Committee for corrections	Pauper Burial Policy accepted by the Committee for Council Approval

COMMUNITY SERVICES: ENVIRONMENTAL HEALTH									
Food Hygiene	Improved health standards of food handling, storage processing and transportation	Physical inspection of food handling premises for compliance  Conduct food sampling  Conduct inspections on butcheries for compliance	R138 471	No of food handling premises compliant  No of food samples taken for analysis  No of butcheries compliant	104 food handling premises registered  12 food samples taken for analyses  20 butcheries registered inclusive of those in supermarkets.	Inspect 30 Businesses  Take 16 Food Samples  Inspect 10 butcheries	Inspect 15 Businesses  Take 16 food samples  Inspect 10 butcheries	51 business premises inspected and follow up done to non compliant  10 swaps and 10 fish oil samples taken for analysis  10 butcheries inspected and follow up done for non compliant	32 businesses inspected  15 swaps and 15 oil samples taken for analysis  8 butcheries inspected and follow up done for non compliant
		Conduct Health & Hygiene training on Informal food Handlers (Hawkers & Vendors)		No of Informal Food Handlers trained	150 informal food handlers including caterers trained on health education		Inspect 89 informal food handlers	19 food handlers inspected and educated	45 caravans for food handlers inspected and educated  15 certificates



		Conduct inspections in accommodation establishment for compliance & issuing of Certificates of Acceptability		No of Certificates of Acceptability issued in terms of R918	75 accommodation establishments registered only 35 accommodation establishments issued with Certificates of Acceptability	Issue 35 certificates to compliant businesses	Issue 33 certificates to compliant businesses	15 certificates issued	
Diseases Prevention and risk identification	Prevention and reduction of spread of diseases and prevention of health hazard.	Identification and attendance of reported nuisances that could lead to outbreaks of diseases.	R-	No nuisances reported  Turn around time for attending to nuisances  No. of abated / solved nuisances.	45 nuisances identified/ reported  Seven days to attend to nuisances	Attend to reported nuisances	Attend to reported nuisances	50 complaints received and 25 resolved	60 complaints received and 45 resolved
	Disposal of the dead	Prevention of health hazard in the exhumation process	Undertake exhumations	No of exhumations conducted	4 exhumations conducted	Attend to exhumation applications	Attend to exhumation applications	2 exhumations conducted	1 exhumation conducted

Water Quality Monitoring	To ensure healthy and clean water supply to all	Taking of water samples for analysis.		No of water samples taken for analysis	12 water samples were taken	Take 6 water samples	Take 6 water samples	3 samples taken for analyses	5 samples taken for analysis
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	Rehabilitation of Mthatha river to be clean and safe as water resource.	Involvement in the Mthatha River Clean-Up Project	R3.7 million by DWA and R9,2 million from DBSA, R21 Million DEA	No of beneficiaries appointed for river cleaning	1240 beneficiaries appointed	Implement river cleaning business plan	Implement river cleaning business plan	294 additional beneficiaries appointed for clearance of alien plant in the river	Clearance of alien plant underway next to water falls
Health Lifestyle in schools	Promote school health services	Invite schools to partake in our environmental related programmes. Conduct health education in schools.		No of healthy life style programmes conducted in schools	12 education awareness programmes conducted jointly with Department of Water Affairs	Conduct 6 education awareness programmes conducted jointly with Department of Water Affairs	Conduct 6 education awareness programmes conducted jointly with Department of Water Affairs		3 Awareness campaigns conducted with Indalo Yethu Educators. Clean up campaign conducted
Management of public conveniences facilities	Improve access and cleanliness to ablution facilities	Inspection of all public toilets. Renovation of public toilets to be user friendly.		No of ablution facilities rehabilitated	Munitata public toilets rehabilitated.	Advertise tender for upgrading of public toilets	Upgrade Town hall toilets and York Road toilet	Tender advertised	Tender awarded. Construction not started yet
Animal Pound Management	To ensure smooth running of the pound. Reduce the number of stray animals.	To manage the pound through SPCA.	R264.000	No of animals impounded		Receive statistics from SPCA for impounded animals	Receive statistics from SPCA for impounded animals	Data received	Data received

COMMUNITY SERVICES: SOLID WASTE									
Closure of existing and acquiring of new site	Compliance and licensing of site	Greening and Cleaning Projects ( Ikamva and Indalo Yethu )	R2 662 195	DWA and DEA Standards	Unlicensed and unpermitted site	Acquire new landfill site. Clearance and capping of old site	Compaction of waste in old site	Land identified and surveyed. Awaiting land valuation for handing over by the community	Awaiting valuation report.
Financial Viability & Revenue Management	Increase refuse collection revenue	Develop database for all waste generators		Populated Data Base  All waste generators on the debt register  No of businesses in contract with the municipality for trade waste collection  No of skips procured for trade	Poor revenue collection on refuse removal	Develop database for all waste generators	Utilize data for increase revenue	Database not yet developed	Database not yet developed

				waste  No of trolley bins procured for trade waste	40 skips available for refuse collection  180 trolley bins available for refuse collection	Procure 10 additional skips  Procure 20 additional trolley bins		10 skips procured	Tender advertised to procure trolley bins
Illegal Dumping		Clearance of illegal dumping  Install "NO DUMPING" signs		No of illegal dumpings cleared  No of "NO DUMPING" signs installed		Clear 40 illegal dumps	Clear 60 illegal dumps	46 illegal dumps cleared	40 illegal dumps cleared

COMMUNITY SERVICES: LIBRARY									
Library Services	To ensure access to library services to all and to increase level of literacy.	Provision of library service at Ikwezi, Mqanduli & Coffee Bay		No of libraries established	Ikwezi library is 98% complete. Tender advertised for upgrading of Mqanduli library. Park Home procured for Coffee Bay Library	Procure furniture for Ikwezi Library	Official opening of Ikwezi Library	Furniture procured	Ikwezi Library officially opened on the 11 <sup>th</sup> November 2010. Upgrading of Mqanduli Library underway
	Promote culture of reading and library usage	Conduct library awareness events		No of awareness campaigns conducted		Conduct awareness campaigns	Conduct awareness campaigns	Global warming campaign conducted	
						Acquire reading material	Acquire reading material	242 books received	
		Staff development		No of staff trained				5 staff members trained	7 staff members trained

**Performance Report from Quarter 3 – January 2011 to March 2011**

**COMMUNITY SERVICES: PARKS AND AMENITIES**

<b>Key Performance/ Focus Area</b>	<b>Measurable Objectives</b>	<b>Major Activities/Projects</b>	<b>Budget</b>	<b>Key Performance Indicator</b>	<b>Baseline</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
Parks and Public Open Spaces	Enhance the aesthetic appearance of the area to support the tourism agenda and to conserve the environment by June 2011	Make over of Savoy Park	R29,8 million	% of completion	Phase complete	70% completion Handing over	90% completion Maintenance	Only maintenance	No progress on make over
		Management & Maintenance of Waterfall Park		% of completion	Contractor on site, earthworks done	No progress	No progress	No progress	No progress
		Tree planting and landscaping of open spaces, sidewalks, road islands & gateways		No of trees planted	50 trees planted	10 trees planted	10 trees planted	None	Maintenance
		Greening of Mthatha Airport & Mvezo		% of completion	40 Beneficiaries appointed for 2 years	Greening of Mvezo & Qunu 40%	Greening of Mvezo & Qunu 80% complete	No progress in Mvezo & Qunu.	Contractor has started with site clearing.

		Upgrading of Qunu Nursery		% of completion	Beneficiaries appointed	No progress	No progress	No progress	Only maintenance being done.
		Grass cutting in parks and open spaces		Frequency of grass cutting	14 grass cutters procured	Grass cutting done in the CBD, Mqanduli, Norwood & Municipal properties	Grass cutting done in the CBD, Residential areas, Cemetery & Gateways	Grass cutting done in the CBD, Mqanduli, Norwood & Municipal properties	Grass cutting done in the CBD, Residential areas, Cemetery & Gateways
Engagement of co-operatives to assist with cleaning	To improve cleanliness of open spaces	Grass cutting and bush clearing	-	No of co-operatives appointed	Machinery procured for co-operatives	Appointed 3 co-operatives	Appoint 5 co-operatives	Appointed 3 co-operative	1 Co operative appointed for 1 month for cleaning and grass cutting in Ngangelizwe
Maintenance of Cemeteries		Fencing of Main, Ncambedlana & Mqanduli Cemeteries	R1,2 million available	% of completion	Vandalism due to poor fencing	Develop Specifications & advertise	Fencing	No progress to date due to lack of funds	Appointed service provider to do grass cutting.
Acquisition of new site for new cemetery	To provide land for burials for the community	Geotechnical information studies for a suitable site and fencing	R1,5 million			No progress to date due to lack of funds	No progress to date due to lack of funds	No progress to date due to lack of funds	No progress to date due to lack of funds



	Rehabilitation of Ngangelizwe and City Swimming Pool	Refurbishment of the building both at Ngangelizwe and City Swimming Pool, fencing, servicing of pumps, repairs to ablutions, painting.	R280 000 (R200 000 for Ngangelizwe & R80 000 for City Swimming Pool)	% of Completion	Vandalism due to poor fencing at both swimming pools.	Advertise tender for Ngangelizwe Swimming Pool.	Refurbishment of filters and pumps at City Swimming Pool.	Quantity surveyor appointed to do bill of quantities for City Swimming Pool.	Quantity surveyor appointed to do bill of quantities for City Swimming Pool.
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COMMUNITY SERVICES: SOCIAL SERVICES									
Access to Social Services	Improve access to free social services	Finalize Paupers Burial Policy  Develop Indigent register for social services	R150.000	Policy available.  Indigent register updated	Pauper Burial Policy tabled to the Committee for Community Services  None in place	Finalize the Policy  Conducted research with other municipalities	Policy Implementation  Valuated the research collected from other municipalities	Policy returned by the Committee for corrections  Implemented the findings from the research	Pauper Burial Policy accepted by the Committee for Council Approval  Implemented the findings from the research
		Conduct paupers burial assessment		No of assessments conducted		12 pauper burial conducted	16 pauper burials conducted	10 pauper burials conducted	Progressing smoothly. The numbers have gone down which means that the Councilors understand what the service is really for.

COMMUNITY SERVICES: SOCIAL SERVICES									
Food Hygiene	Improved health standards of food handling, storage processing and transportation	Physical inspection of food handling premises for compliance	R138 471	No of food handling premises compliant	104 food handling premises registered	Inspect 30 Businesses	Inspect 15 Businesses	51 business premises inspected and follow up done to non compliant	32 businesses inspected
		Conduct food sampling		No of food samples taken for analysis	12 food samples taken for analyses	Take 16 Food Samples	Take 16 food samples	10 swaps and 10 fish oil samples taken for analysis	15 swaps and 15 oil samples taken for analysis
		Conduct inspections on butcheries for compliance		No of butcheries compliant	20 butcheries registered inclusive of those in supermarkets.	Inspect 10 butcheries	Inspect 10 butcheries	10 butcheries inspected and follow up done for non compliant	8 butcheries inspected and follow up done for non compliant
		Conduct Health & Hygiene training on Informal food Handlers (Hawkers & Vendors)		No of Informal Food Handlers trained	150 informal food handlers including caterers trained on health education		Inspect 89 informal food handlers	19 food handlers inspected and educated	45 caravans for food handlers inspected and educated

		Conduct inspections in accommodation establishment for compliance & issuing of Certificates of Acceptability		No of Certificates of Acceptability issued in terms of R918	75 accommodation establishments registered only 35 accommodation establishments issued with Certificates of Acceptability	Issue 35 certificates to compliant businesses	Issue 33 certificates to compliant businesses	15 certificates issued	15 certificates
Diseases Prevention and risk identification	Prevention and reduction of spread of diseases and prevention of health hazard.	Identification and attendance of reported nuisances that could lead to outbreaks of diseases.	R-	No nuisances reported  Turn around time for attending to nuisances  No. of abated / solved nuisances.	45 nuisances identified/ reported  Seven days to attend to nuisances	Attend to reported nuisances	Attend to reported nuisances	50 complaints received and 25 resolved	60 complaints received and 45 resolved

	Disposal of the dead	Prevention of health hazard in the exhumation process	Undertake exhumations	No of exhumations conducted	4 exhumations conducted	Attend to exhumation applications	Attend to exhumation applications	2 exhumations conducted	1 exhumation conducted
Water Quality Monitoring	To ensure healthy and clean water supply to all	Taking of water samples for analysis.		No of water samples taken for analysis	12 water samples were taken	Take 6 water samples	Take 6 water samples	3 samples taken for analyses	5 samples taken for analysis
	Rehabilitation of Mthatha river to be clean and safe as water resource.	Involvement in the Mthatha River Clean-Up Project	R3.7 million by DWA and R9,2 million from DBSA, R21 Million DEA	No of beneficiaries appointed for river cleaning	1240 beneficiaries appointed	Implement river cleaning business plan	Implement river cleaning business plan	294 additional beneficiaries appointed for clearance of alien plant in the river	Clearance of alien plant underway next to water falls
Health Lifestyle in schools	Promote school health services	Invite schools to partake in our environmental related programmes. Conduct health education in schools.		No of healthy life style programmes conducted in schools	12 education awareness programmes conducted jointly with Department of Water Affairs	Conduct 6 education awareness programmes conducted jointly with Department of Water Affairs	Conduct 6 education awareness programmes conducted jointly with Department of Water Affairs		3 Awareness campaigns conducted with Indalo Yethu Educators. Clean up campaign conducted
Management of public conveniences facilities	Improve access and cleanliness to ablution facilities	Inspection of all public toilets. Renovation of public toilets to be user friendly.		No of ablution facilities rehabilitated	Munitata public toilets rehabilitated.	Advertise tender for upgrading of public toilets	Upgrade Town hall toilets and York Road toilet	Tender advertised	Tender awarded. Construction not started yet

Animal Pound Management	To ensure smooth running of the pound. Reduce the number of stray animals.	To manage the pound through SPCA.	R264.000	No of animals impounded		Receive statistics from SPCA for impounded animals	Receive statistics from SPCA for impounded animals	Data received	Data received
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COMMUNITY SERVICES: SOLID WASTE									
Closure of existing and acquiring of new site	Compliance and licensing of site	Greening and Cleaning Projects ( Ikamva and Indalo Yethu )  Establishment of the Integrated Waste Management Plan	R2 662 195	DWA and DEA Standards  National Waste Management Strategy compliance	Unlicensed and unpermitted site  None existing	Acquire new landfill site. Clearance and capping of old site  Tendering process	Compaction of waste in old site  Tendering process	Land identified and surveyed. Awaiting land valuation for handing over by the community  Compilation of status quo for the IWMP	Digging of cells and capping is in progress. Handing over of land has not been finalized as yet.  Presentation of the draft on the 14 <sup>th</sup> of March 2011.
Financial Viability & Revenue Management	Increase refuse collection revenue	Develop database for all waste generators		Populated Data Base  All waste generators on the debt register  No of businesses in contract with the municipality for trade waste	Poor revenue collection on refuse removal	Develop database for all waste generators	Utilize data for increase revenue	Database not yet developed	Service provider has already been appointed to do collection of data.

				collection					
				No of skips procured for trade waste	40 skips available for refuse collection	Procure 10 additional skips		10 skips procured	Tender advertised.
				No of trolley bins procured for trade waste	180 trolley bins available for refuse collection	Procure 15 additional trolley bins			Tender advertised and awaiting adjudication
				No. of litter bins installed in the CBD.	Defective litter bins in the CBD.	Marking of the positions for installation of litter bins	Marking still in progress	400 litter bins delivered by Indalo Yethu.	400 litter bins installed in the CBD
Illegal Dumping		Clearance of illegal dumping  Install "NO DUMPING" signs		No of illegal dumpings cleared  No of "NO DUMPING" signs installed		Clear 40 illegal dumps	Clear 60 illegal dumps	46 illegal dumps cleared	Equipment hired to clear major illegal dump at Zimbane Valley.



COMMUNITY SERVICES: LIBRARY									
Library Services	To ensure access to library services to all and to increase level of literacy.	Provision of library service at Ikwezi, Mqanduli & Coffee Bay		No of libraries established	Ikwezi library is 98% complete. Tender advertised for upgrading of Mqanduli library. Park Home procured for Coffee Bay Library	Procure furniture for Ikwezi Library	Official opening of Ikwezi Library	Furniture procured	Ikwezi Library officially opened on the 11 <sup>th</sup> November 2010. Upgrading of Mqanduli Library underway
	Promote culture of reading and library usage	Conduct library awareness events		No of awareness campaigns conducted		Conduct awareness campaigns	Conduct awareness campaigns	Global warming campaign conducted	
						Acquire reading material	Acquire reading material	242 books received	
		Staff development		No of staff trained				5 staff members trained	7 staff members trained

**Performance Report from Quarter 4 – April 2011 to June 2011**

**COMMUNITY SERVICES: PARKS AND AMENITIES**

<b>Key Performance/ Focus Area</b>	<b>Measurable Objectives</b>	<b>Major Activities/Projects</b>	<b>Budget</b>	<b>Key Performance Indicator</b>	<b>Baseline</b>	<b>Quarter 1</b>	<b>Quarter 2</b>	<b>Quarter 3</b>	<b>Quarter 4</b>
Parks and Public Open Spaces	Enhance the aesthetic appearance of the area to support the tourism agenda and to conserve the environment by June 2011	Make over of Savoy Park	R29,8 million	% of completion	Phase complete	70% completion on Handing over	90% completion on Maintenance	20% complete	Ablution facilities and fencing complete
		Management & Maintenance of Waterfall Park		% of completion	Contractor on site, earthworks done				
		Tree planting and landscaping of open spaces, sidewalks, road islands & gateways		No of trees planted	50 trees planted				
		Greening of Mthatha Airport & Mvezo		% of completion	40 Beneficiaries appointed for 2 years				
		Upgrading of Qunu Nursery		% of completion	Beneficiaries appointed				
		Grass cutting in parks and open spaces		Frequency of grass cutting	14 grass cutters procured				
								10 trees planted	25 trees planted in islands
								Greening of Mvezo & Qunu 40%	Greening of Mvezo & Qunu 80% complete
								Grass cutting done in the CBD, Mqanduli	Grass cutting done in the CBD, Residenti

								, Norwood and Municipal properties	al areas, Cemetery and Gateways
Engagement of co-operatives to assist with cleaning	To improve cleanliness of open spaces	Grass cutting and bush clearing	-	No of co-operatives appointed	Machinery procured for co-operatives	Appoint 3 co-operatives	Appoint 5 co-operatives	No Co-operative appointed	1 Co-operative appointed for 1 month for cleaning and grass cutting in Ngangelizwe
Maintenance of Cemeteries		Fencing of Main, Ncambedlana and Mqanduli Cemeteries	R1,2 million available	% of completion	Vandalism due to poor fencing	Develop specifications and advertise	Fencing	No progress to date due to lack of funds	No progress to date due to lack of funds
Acquisition of new site for new cemetery	To provide land for burials for the community	Geotechnical information studies for a suitable site and fencing	R1,5 million					No progress to date due to lack of funds	No progress to date due to lack of funds
	Rehabilitation of Ngangelizwe and City Swimming Pool	Refurbishment of the building both at Ngangelizwe and Cit Swimming Pool, fencing, servicing of pumps, repairs to ablutions, painting.	R280 000 (R200 000 for Ngangelizwe and R80 000 for city	% of Completion	Vandalism due to poor fencing	Advertise tender	Refurbishment	Clearance of site and problems identified	Phase 1 upgrading done through Urban Renewal Funding

			swimmin g pool						
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COMMUNITY SERVICES: SOCIAL SERVICES									
Access to Social Services	Improve access to free social services	Finalize Paupers Burial Policy  Develop Indigent register for social services  Conduct paupers burial assessment	R150000	Policy available.  Indigent register updated  No of assessments conducted	Pauper Burial Policy tabled to the Committee for Community Services	Finalize the Policy	Policy implementation	Policy returned by the committee for corrections	Pauper Burial Policy accepted by the committee for council approval
Food Hygiene	Improved health standards of food handling, storage processing and transportation	Physical inspection of food handling premises for compliance  Conduct food sampling  Conduct inspections on butcheries for compliance	R138 471	No of food handling premises compliant  No of food samples taken for analysis  No of butcheries compliant	104 food handling premises registered  12 food samples taken for analyses  20 butcheries registered inclusive of those in supermarkets	Inspect 30 Businesses  Take 16 Food Samples  Inspect 10 butcheries	Inspect 15 Businesses  Take 16 food samples  Inspect 10 butcheries	51 business premises inspected and follow up done to non compliant  10 swaps and 10 fish oil samples taken for analysis  9 butcheries inspected to be inspected	32 businesses inspected  15 swaps and 15 oil samples taken for analysis  5 butcheries inspected and follow up done for non compliant

		Conduct Health & Hygiene training on Informal food Handlers (Hawkers & Vendors)		No of Informal food handlers trained	150 food handlers including caterers trained on health education		Inspect 89 informal food handlers	20 food handlers to be inspected and educated	15 food handlers to be inspected
		Conduct inspections in accommodation establishment for compliance & issuing of Certificate of Acceptability		No of Certificates of Acceptability issued in terms of R918	75 accommodation establishments registered only 35 accommodation establishments issued with Certificates of Acceptability	Issue 35 certificates to compliant businesses	Issue 33 certificates to compliant businesses	12 to be inspected and issued with certificates	9 certificates issued
Diseases Prevention and risk identification	Prevention and reduction of spread of diseases and prevention of health hazard.	Identification and attendance of reported nuisances that could lead to outbreaks of diseases.	R-	No nuisances reported  Turn around time for attending to nuisances No. of abated / solved nuisances	45 nuisances identified/ reported  Seven days to attend to nuisances	Attend to reported nuisances	Attend to reported nuisances	39 complaints received	25 complaints received

	Disposal of the dead	Prevention of health hazard in the exhumation process	Undertake exhumations	No of exhumations conducted	4 exhumations conducted	Attend to exhumation applications	Attend to exhumation applications	Nil	Nil
Water Quality Monitoring	To ensure healthy and clean water supply to all	Taking of water samples for analysis.		No of water samples taken for analysis	12 water samples were taken	Take 6 water samples	Take 6 water samples	5 samples taken for analyses	5 samples taken for analysis
	Rehabilitation of Mthatha river to be clean and safe as water resource.	Involvement in the Mthatha River Clean-Up Project	R3.7 million by DWA and R9,2 million from DBSA, R21 Million DEA	No of beneficiaries appointed for river cleaning	1240 beneficiaries appointed	Implement river cleaning business plan	Implement river cleaning business plan	294 additional beneficiaries appointed for clearance of alien plant in the river	CDW's introduced to the Mthatha River project and are to the project coordinator
Health Lifestyle in schools	Promote school health services	Invite schools to partake in our environmental related programmes. Conduct health education in schools.		No of healthy life style programmes conducted in schools	12 education awareness programmes conducted jointly with Department of Water Affairs	Conduct 6 education awareness programmes conducted jointly with Department of Water Affairs	Conduct 6 education awareness programmes conducted jointly with Department of Water Affairs		3 Awareness campaigns conducted with Indalo Yethu Educators. Clean up campaign conducted
Management of public conveniences facilities	Improve access and cleanliness to ablution facilities	Inspection of all public toilets. Renovation of public toilets to be user friendly.		No of ablution facilities rehabilitated	Munitata public toilets rehabilitated.	Advertise tender for upgrading of public toilets	Upgrade Town hall toilets and York Road toilet	Tender advertised	Adjudication in progress

Animal Pound Management	To ensure smooth running of the pound. Reduce the number of stray animals.	To manage the pound through SPCA.	R264.000	No of animals impounded		Receive statistics from SPCA for impounded animals	Receive statistics from SPCA for impounded animals	45 chickens impounded to the SPCA	Owner paid impounding fee
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COMMUNITY SERVICES: SOLID WASTE									
Closure of existing and acquiring of new site	Compliance and licensing of site	Greening and Cleaning Projects ( Ikamva and Indalo Yethu )	R2 662 195	DWA and DEA Standards	Unlicensed and unpermitted site	Acquire new landfill site. Clearance and capping of old site	Compaction of waste in old site	Land identified and surveyed. Awaiting land valuation for handing over by the community	Digging and cells and capping is in progress. Handing over of land has not been finalized as yet
		Establishment of the Integrated Waste Management Plan		National Waste Management Strategy compliance	None existing	Tendering process	Tendering process	Compilation of status quo for the IWMP	Presentation of the draft on the 14 <sup>th</sup> of March 2011
Financial Viability & Revenue Management	Increase refuse collection revenue	Develop database for all waste generators		Populated Data Base  All waste generators on the debt register  No of businesses in contract with the municipality for trade waste collection	Poor revenue collection on refuse removal	Develop database for all waste generators	Utilize data for increase revenue	Database not yet developed	Service provider has already been appointed to do collection of data

				No of skips procured for trade waste	40 skips available for refuse collection	Procure 10 additional skips		10 skips procured	Tender advertised
				No of trolley bins procured for trade waste	180 trolley bins available for refuse collection	Procure 20 additional trolley bins	Marking still in progress		Tender advertised and awaiting adjudication
				No of litter bins installed in the CBD	Defective litter bins in the CBD	Marking of the positions for installation of litter bins		400 litter bins delivered by Indalo Yethu	400 litter bins installed in the CBD
Illegal Dumping		Clearance of illegal dumping  Install "NO DUMPING" signs		No of illegal dumping sites cleared  No of "NO DUMPING" signs installed		Clear 40 illegal dumps	Clear 60 illegal dumps	46 illegal dumps cleared	Equipment hired to clear major illegal dump at Zimbane Valley

COMMUNITY SERVICES: LIBRARY									
Library Services	To ensure access to library services to all and to increase level of literacy.	Provision of library service at Ikwezi, Mqanduli & Coffee Bay		No of libraries established	Ikwezi library is 98% complete. Tender advertised for upgrading of Mqanduli library. Park Home procured for Coffee Bay Library	Procure furniture for Ikwezi Library	Official opening of Ikwezi Library	Ikwezi Library fully functional	
		Provision of library service at Gxwalibomvu J.S.S. at Mqhekezweni					Site inspection by DSRAC, KSD and service provider		Site briefing on 13 <sup>th</sup> of April
	Promote culture of reading and library usage	Conduct library awareness events		No of awareness campaigns conducted		Conduct awareness campaigns	Conduct awareness campaigns	Global warming campaign conducted	Library Awareness Day held on 15 <sup>th</sup> March. Library Awareness Day on 31 <sup>st</sup> March at Ikwezi Community Library. Library Week on 24 <sup>th</sup> March at Nyandeni

						Acquire reading material	Acquire reading material	242 books received	
		Staff development		No of staff trained				1 staff member trained	

COMMUNITY SERVICES: PRIMARY HEALTH CARE									
Rendering of Primary Health Care Services	Increase access to maternal services	Upgrading maternity section in Ngangelizwe CHC	R1 176 397	No of deliveries per month	Impaired accessibility difficult to implement "666 care"	490	348	445	488
				No of women on PMTCT Programme		193	588	683	644
				No infants tested PCR tested at 6 weeks		12	15	49	81
	Improve ARV roll-out programme	Increase no of clients on treatment		No of new clients on treatment		2325	2479	3011	3390
	Increase immunization coverage of children under 1 year to 95% by June 2010	Conduct immunization campaigns for children under 1 year		% of immunization coverage of children under 1 year (full immunization)		29%	68%	0% Immunization out of stock at Central Medical Stores	38.5%
	Implement HIV, Counseling & Testing Programme			% of Ante Natal Care patients pre tested & counseled for HIV/AIDS		1.2%	3.40%	57.8% tested	Counseled = 644 Tested = 95.2%

				<p>No of pregnant women tested HIV positive CD4 count taken</p> <p>No pregnant positive women initiated on ARVs with CD4 count 350 and below</p>		9%	14.40%	29.5%	<p>30.3%</p> <p>193 AZT</p>
	<p>Increase access to TB Management Programme</p>	<p>Increase no of TB clients on treatment</p> <p>Increase sputum turn around time</p>		<p>% of cure rate of new smear positive TB patients</p> <p>% of sputum results received within 48 hours</p>		<p>3.30%</p> <p>6%</p>	<p>3.80%</p> <p>3.20%</p>	<p>Figures to be available in June</p> <p>4.2%</p>	<p>5.5%</p> <p>41.1%</p>
	<p>Promote good governance and public participation</p>	<p>Review clinic committees</p> <p>Conduct</p>		<p>No of clinic committees reviewed</p> <p>No of clinic</p>	<p>Ngangelizwe has an inactive clinic committee.</p>			<p>Stanford Terrace had two meetings in February</p>	<p>Stanford Terrace and Ngangelizwe have clinic meetings once a month</p>

	n	training for clinic committees		committees trained	No clinic committees in other clinics.			and March	
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## LOCAL ECONOMIC DEVELOPMENT

MAJOR PROJECTS	DELEGATED TO	OBJECTIVE	BUDGET	KPI	ACTUAL PROGRESS TO DATE
Development of a business case for the Mthatha/Nelson Mandela cultural precinct	LED Officer	Develop a study that will assist us in packaging the identified sites for investment opportunities	R1,5M Funded by ASGISA	Submission of the full study report to Asgisa and KSD Municipality	The consultants, after a meeting with stakeholders have submitted a report with amendments. The report is expected to be discussed and adopted by mid-February 2011. DBSA has shown interest in this project but awaiting the feasibility report.
Revitalisation and operation of Mqanduli Milling Plant	LED Officer	Facilitate addition of value to locally produced maize at Mqanduli.	R750000	Milling plant renovated. Operational staff recruited and retrained, business plan developed, operational funds mobilised.	The building of a guard room has been completed, Quotations from the supplier of the mill to service the plant have been sourced. The municipality is in the process of engaging private milling companies to use the mill as a satellite small production to cover the area of OR Tambo region and adjacent district municipalities.
Implementation of EU funded project on Waste Recycling and Municipal Community Partnership	LED Officer	Identify and utilise opportunities created by waste for small business development and job creation on waste recycling.	R729 000	Adoption of a working document on waste recycling and MCP(PPP), training of identified cleaning coops	Final reports to the funder (Thina Sinako) have been completed and submitted electronically. Hard copies will be couriered for approval. The section has engaged with community services to apply for funding for implementation of the project. The targeted coops will be trained on the week of 22-26 November 2010.
Qunu Integrated Energy centre (IEC)	LED Officer	Facilitate trade and investment in rural areas of Qunu.	R6m, funded by SASOL	Construction of the garage and operationalise it.	Construction of the site has been completed in December 2010. KSD municipality is expected to provide an entrance road to the garage. Engagement with Infrastructure department to widen the road to the site is continuing. The garage is awaiting certification of its safety by fire department before it operates.
LED Strategy Reviewal and sector plan Development	LED Officer	Develop LED Strategy that is aligned to the municipality's 2030 vision,	R150000	Revised LED Strategy, Establishment of KSD business clusters,	The next workshop on the draft of the strategy will be held on the 28 January 2011.



		Development of sector plans.		Stakeholder engagement Development of sector plans.	
SMME and Cooperative Development	LED Officer	Capacity building and source funding for cooperatives and SMMEs'	R50000	Self Sustainable coops and access to funding.	A Cooperative strategic workshop was held on the 19 November 2010. The purpose of the workshop was to develop a strategy that the municipality will adopt in going forward with the capacity building and support of coops.
Identification , Facilitation and planning for the establishment of two high value crop production nodes	LED Officer	Citrus fruit production nodes	R200000	To identify land for the citrus fruit project	The municipality, together with Isibaya and ARC has visited the identified sites in Qhingqolo and Jixini, Mxambule and Sgingqini under ward 26 to pilot the projects. The next meeting with IsiBaya will be to conduct tests on the suitability of land for the project

KPA	Delegated to	Objectives	KPI	Target	Budget	Actual progress
SMME Development	LED officer	<p>To look for a suitable structure that can accommodate street braiders and hair cutters.</p> <p>Development of Informal trading policy</p>	<p>All processes have been followed.</p> <p>Stakeholder engagement has been done.</p> <p>Draft policy developed</p>	February 11	<p>R170 000 funded by Municipality</p> <p>R30 000 for catering and hiring of venue</p>	<p>Delivery has been done for a Marquee tent ,It is going to be placed at Richmond street next to St Johns College. LED committee recommended that Handing over of the Marquee and Mqanduli hawker stalls need to be launched.</p> <p>Infrastructure dept has promised to fix potholes and leveling the area.</p> <p>Informal trading workshop was supposed to take place on the 10 of Dec. 2010 but due to unforeseen circumstances we could not hold it. Venue was secured and list of stakeholders to attend was developed</p> <p>Jubilee Square development project. No developments taking place due to non payment of contractors by Dept of Transport , project championed by URP</p>

E.U. funded projects. Nduli Nature Reserve and Municipal Cleansing Partnership Model	LED officer	To conduct Feasibility study for the building of accommodation, conference facility and environmental educational programmes.	Tshani Consulting has been appointed to implement the project.	Project end August 2010.	R1.2m	<p>Feasibility study has been finalised and Final Study document has been delivered to Municipality, PSC members and partners of the project.</p> <p>Final financial reports have been submitted to Thina Sinako Implementer for the next trench approval in order to pay Service provider.</p> <p>Final Basic assessment report on EIA has been produced and tabled to DEDEA dept for comments.</p>
DEDEA LED funded Projects for the year 2009/2010	LED section	To Procure DEDEA LED funded projects for 2009-2010 financial year.	Two projects have been funded by DEDEA namely i.e. Light the pilot project – for film production, project amount recommended is R 1m and Khuphukani Craft project recommended amount is R1, 740,000.00. Uphuhliso Lwethu Nursery approved amount is R1m to purchase equipment	Before end of their financial year	<p>R1m – Light the Pilot project funded by DEDEA</p> <p>Khupukani Cluster – R1,740 000</p> <p>Nursery Project – R1m</p> <p>R1.740 000</p>	<p>Light the pilot project already procured for an amount of R500 000 for camera equipment, Computer equipment and office equipment.</p> <p>What is left now is to procure for Actors, Crew and other expenses for producing a documentary called <b>Boundary</b> has been finished by Light the Pilot still more to come.</p> <p>Khuphukani Cluster started to procure for a storage container, Leather works equipment and material. Uphuhliso Lwethu the Service provider came to register into Municipal data base. Procurement for Nursery shading house is in process and construction will start next year January 11.</p> <p>Additional funding for both projects</p>

						has been transferred to Municipality, confirmation letters on receipt of money forwarded to DEDEA Regional office.
Rural Development	LED Section	Revival of Pendu Irrigation Scheme Ward 26 Mqanduli.	The scheme was done by dept of Agric in 2002 for 40 hectors. Agriculture also applied for electricity at Eskom that costed R150 000.	Procurement to start in December	R190 000	Pendu Irrigation Scheme was installed with dragline sprinkler irrigation system by Pendu development concepts cc in 2003/04 financial year but it was not completed due to financial constraints hence, the request for financial assistance has been forwarded to L.E.D. Agriculture requested for assistance on repairs of the scheme, i.e. pipes, pump and the engine. Quotation amounted to R180 000 and that has been submitted to our office for assistance. We had a meeting with land owners at Pendu community and we recommended that the project need to be registered as a co-op and that progressing . <b>That we need to hold a workshop at Pendu on the 09 Dec.10 on co-operative governance and other institutional arrangements. All relevant stakeholders will be invited.</b>

<b>KPA</b>	<b>Delegated person</b>	<b>Objectives</b>	<b>KPI</b>	<b>Actual progress as at December 2010</b>
Tourism Development	Tourism Officer	(a) Develop responsible tourism in order to market and manage the tourism industry in a responsible manner, so as to create a competitive advantage.  (b) Attract more tourists to visit and big investors to invest in the area.	<b>(a) Establish a KSD Tourism Sector Plan</b>	The final draft of the KSD Sector Plan was presented on July 2010 and will be presented in the Stakeholder meeting which is scheduled to take place during January 2011.
			<b>(b) Mthatha Dam Tourism Centre &amp; Recreational Facilities</b>	The project commenced during November 2010.
			<b>(c) Manqondo Tourism Information Centre</b>	The Centre is ready to be handed over to King Sabata Dalindyebo Local Municipality by the Department of Tourism in March 2011. It was requested that KSD must staff the office through recruitment before it is handed over.
			<b>(d) Wonkumntu Craft Centre.</b>	The construction is progressing well. The Centre received another fund from DEAT for the third phase.
			<b>(e) Ultra City Visitor Information Centre</b>	KSD received an amount of R10 million to build a Visitor Information Centre in Mthatha. The site which was identified is near Ultra City. The Implementer was appointed by DEAT and was introduced at KSD on 02 December 2010. The construction will commence after the submission of the Business Plan by the Implementer.

			<b>(f) Mvezo Cultural Village</b>	KSD received an amount of R27 million for the second phase at the Centre. The Implementer was appointed by DEAT and was introduced at KSD on 08 December 2010.
Tourism Marketing and promotion	-Do-	Ensure that KSD is effectively marketed as a tourism destination	(a) Upgrade a KSD Tourism brochure	A Service Provider was selected and appointed to upgrade the tourism brochure.
			(b) Establish a KSD Marketing Strategy	The Marketing Strategy is waiting for the completion of the Tourism Sector Plan.
Heritage, Arts & Culture		(a) To position the heritage, arts and culture sector as a significant contributor to socio-economic development.	(a) Co-ordinate the sector management informed by stakeholder consultation and engagement.	
		(b) To improve co-ordination and management of the sector.	(b) Provide a transformation strategy and framework for the sector to embrace KSD's diverse heritage, arts and culture in the interest of the region identity.	

## **5. Integrated Development Plan**

### **Revise IDP**

The outreach process has been successfully completed with all the wards visited. The process culminates in a comprehensive report of ward needs. The Municipal Departments will produce departmental priorities from the ward needs, progress reports to date and statistics and information from the IDP. Then the analysis stage will be complete.

### **Ward Based Plan**

The data collection by fieldworkers has been completed to gather ward data for the development of ward profiles. These will assist in the development of a broad ward based business plan. A draft template to develop the ward based business plan has been crafted.

Key Performance Area/ LGTAS Outcome		LOCAL ECONOMIC DEVELOPMENT			Functional Area/ Department	Planning, Social & Economic Development			
Key Performance Area	Measurable Outputs	Major Activities/Projects	Budget	Key Performance Indicator	Baseline	Quarterly targets			
Integrated Development Plan						Quarter 1	Quarter 2	Quarter 3	Quarter 4
	To develop Ward Based Plans	Ward Based Plan	R910 000 00	Approved Ward Based Plan by Council	Ward Based Plan				Preliminary (draft) report prepared to be finalized by end January 2011 Submission of Ward Business Plan to Council for discussion, amendment and thereafter approval
	To revise IDP for 2011-12	Revision & Collection of Ward Needs		Ward Needs collected	Consolidation of Ward Needs <u>Prioritisation of Ward Needs</u>				Wards needs forwarded to all Heads of Departments for highlighting priority issues



		Produce first Draft of the situational analysis of the IDP for consideration by IDP/Budget Steering Committee		Draft IDP situational analysis	Ward needs collected and situational analysis prepared and submitted to the Heads of Departments to identify priority issues & key projects				Undertaking revision of IDP Vision, Objectives and targets
		Amendment of IDP/Budget Process Plan as per Circular N0.54 of MFMA		Draft Amended IDP/Budget Process Plan Review 2011-12 drafted	Amended IDP/Budget Process Plan				IDP/ Budget Process Plan 2011-12 have been prepared in line with Circular N0. 54 of MFMA is due to be submitted to the first Mayoral Committee. Draft IDP/Budget Process Plan is attached as annexure

		Approval of IDP Review and Annual Budget 2011-12 by Council		Approved IDP/ Budget Review 2011- 12	Produce credible IDP/Budget Review 2011-12				IDP/Budget Process Plan 2011-12 amended to meet deadlines as per MSA & MFMA
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## ANNEXURE A - SOCIO ECONOMIC DEVELOPMENT STRATEGY



**King Sabata Dalindyebo  
Municipality  
Socio Economic  
Development Strategy**

Written by DBSA in terms of the KSD Masterplan, extensive edited and aligned by M M P Tom

14 July 2010

## **FOREWORD by EXECUTIVE MAYOR**

Sustainable economic growth is the key central goal around which all else in the municipality is directed. Our strategic objectives that have been evident in all our documents and deeds - to make King Sabata Dalindyebo Municipality smarter and wealthier, safer, healthier and greener- are all dependent on our collected and united efforts to bring economic success and developmental sustainability and growth to our municipality.

Our KSD economic strategy sets out how we will achieve such success through an entirely fresh systematic approach.

KSD has real strength in the most important factor for modern local economies- the human capital to be found amongst the KSD's people and communities , both its urban , peri-urban and rural components in an integrated whole. We need to build on this strength and make more of it in broadening KSD's comparative advantage in the provincial and national economy.

The focus for the Economic Strategy is by necessity diversified and multiple:

- ❖ the alignment of investment in knowledge-based, learning and skills with other key priorities;
- ❖ investment in infrastructure and place;
- ❖ a supportive business environment;
- ❖ effective, efficient, developmentally-driven accountable and honest local government; and
- ❖ efficiency and equity, in pursuit of greater comparative advantage.

For a number of years, the Transkei region has suffered because our economy has been locked into a low growth cycle. Successive economic strategies, and successive governments, have tried and failed to lift Transkei's economic performance to where it should be- and, while relatively and comparatively other regions around us have flourished, Transkei has lagged behind. This needs to be changed, and it will be.

The low growth economy is a concern for each and every one of us, because it has dramatically affected the way we live and will live in the future. It affects our job opportunities

and employment creation, our incomes and aspirations of our young people, the future of our region, province and nation.

We believe that we can achieve much more with the levers that we have. By making better use of these levers, KSD can rediscover much more of a competitive edge. It can become a more business friendly environment, with efficient transport, a reliable food-security region, a challenging exciting and safe tourism destination as well as a hub and creator of a skilled and able workforce with main emphasis on youth developmental issues throughout the municipality.

This will drive economic growth forward - and economic growth will, in turn, create a new developmental cycle characterised by multiple positive effects: more successful new companies, more opportunities for quality and sustainable employment, and more of our brightest and best working in, and returning to, KSD.

With this Strategy, and guided by the united, collective will of the KSD people, there is no reason why we cannot succeed.

**S. Mlamli**  
**Executive Mayor**

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## 1. EXECUTIVE SUMMARY

### **Background:**

#### **Historic and Current Conditions**

A multiplicity of factors led Mthatha into a plethora of infrastructural and systemic problems that are rooted in its historical development prior and after 1994.

It can be understood that such realities and circumstances are not only a burden to a better life for all, but also structural and material constraints to sustainable development and growth, both economic and social.

Mthatha's economy is largely dependent on community and government services and a host of informal trading markets. Unemployment is rife and in large part to blame for the emergence of a huge informal sector.

In the last 3-4 years there have been signs of an economic turnaround that include the upgrading of the N2 between East London and Mthatha and the promised reconstruction of the Kei Rail that have boosted investor confidence. The relative stability within the structures of the KSD Municipality together with these new signs could be described as the seeds of a new, rejuvenated town and its surroundings.

The driving forces behind the local economy are complex because of its geographical and spatial location, its high rates of poverty and unemployment and racial income inequalities.

However, amid the problems there is energy within the local economy that surpasses many medium-sized towns in South Africa as the performance of certain sectors is improving in community, social and personal services, wholesale and retail construction, finance and insurance, and real estate and transport.

There are critical blockages to development that require immediate addressing as the town is landlocked and the public sector, in the form of the Eastern Cape Development Corporation, owns extensive property within the central business district but acts more like a frustrated landlord than an entrepreneurial developer. The town is also subject to numerous land claims, which have led to protracted development processes. There are severe infrastructure constraints. The bulk network was developed decades ago and cannot meet the demands of the current population.

This is compromising the health and safety of communities. But if these issues could be addressed, the Mthatha economy would expand significantly. Economically and socially speaking Mthatha can be described as a prime example of a structurally unequal economy



that forced large numbers of micro and small firms to compete against each other in the lowest end of the market owing to their inability to compete against large, established firms

On the other hand a middle layer of foreign-owned businesses has been emerging in the last few years located between the large firms and the formal locally black-owned firms. Below the foreign business layer are thousands of semi-formal businesses mainly in activities with relatively low barriers to entry, such as construction and public transport. Below the semi-formal layer of small firms is a vast informal sector with about 3 000 hawkers battling for survival. 86% are female and 98% African.

This structure of the local economy encourages massive leakage from the town. Large wholesalers and retailers source most of their supplies from East London, Durban and Johannesburg. Their head offices are located mainly in Gauteng. Their market is residents of Mthatha and surrounds and the different spheres of government with offices in the town. Because of the fact that there is negligible manufacturing activity, firms cannot buy from local producers. There are no returns for the local economy.

The current economic trends offer no incentives for either government or business to focus on quality of services or production. Instead it creates perverse incentives to maintain and „cover up“ the current situation. Mthatha however, has a number of strong comparative advantages that could sustain long-term development in the town, such as a central location, transport nodes and linkages, excellent soil, climate and tourist attractions.

### **Process towards the formulation of the 20 years Economic Strategy**

During the long drawn out process of formulating the strategy, all major stakeholders and role players have committed themselves to the vision behind the “DEVELOPMENT CHARTER FOR MTHATHA” which has been signed, in September 2009, by all stakeholders and role players led by the leadership of the KSD Municipality.

The vision described in the Charter concentrates on the most important elements of a better life for all: The People, The Home system, The Street system, The River system, The Market system.

It envisages a Mthatha that has a robust and equitable economy that provides space and livelihoods to all. Its basis in local production and consumption increases the city's and the municipality's resilience to global economic turbulence. Zero waste resource cycles provide livelihood opportunities and reduce pollution and waste, and create a town that is attractive to do business and live.

Inevitably the KSD Municipality will take a leading role in facilitating and coordinating the implementation of the plan.

The DBSA adopted the Sustainable Communities planning methodology that utilises participatory development planning processes to ensure the participation of all stakeholders in development and their commitment to development through the social charter.

Within this framework a number of initiatives took place with emphasis on the commitment of all stakeholders, agencies and role-players, including civil society groups with the active involvement and cooperation of civil society groups in the planning process with Non-Governmental Organisations (NGO), Community-Based Organisations (CBO), Faith-Based Organisations (FBO), including traditional healers, the youth, women, people with special needs and business (formal and informal) participating.

Of course much work still needs to be done to entrench sustainability principles in the communities, for all stakeholders to take part in the implementation and realisation of the plan, to have everyone play a positive role in making the old city a better place to live.

Within these developmental imperatives there are the following economic /developmental possibilities that need to be looked at seriously in terms of initial research, collaboration with the university's various departments and units, independent researchers and other interested organisations, entities, associations and organs of civil society:

- Agriculture and agro-processing possibilities including irrigated cultivation and dry-land cultivation.
- Possibilities of developmental aspects related to the timber industry in respect of existing forests.
- Developmental possibilities in relation to the optimisation of water management in the Mzimvubu Catchment area
- Tourism development opportunities in relation to Nelson Mandela's Birthplace and the Mandela Museum in Mthatha as well as the Coffee Bay area.
- Develop the economic /developmental potential of sustainable settlement patterns (both in terms of production and construction).

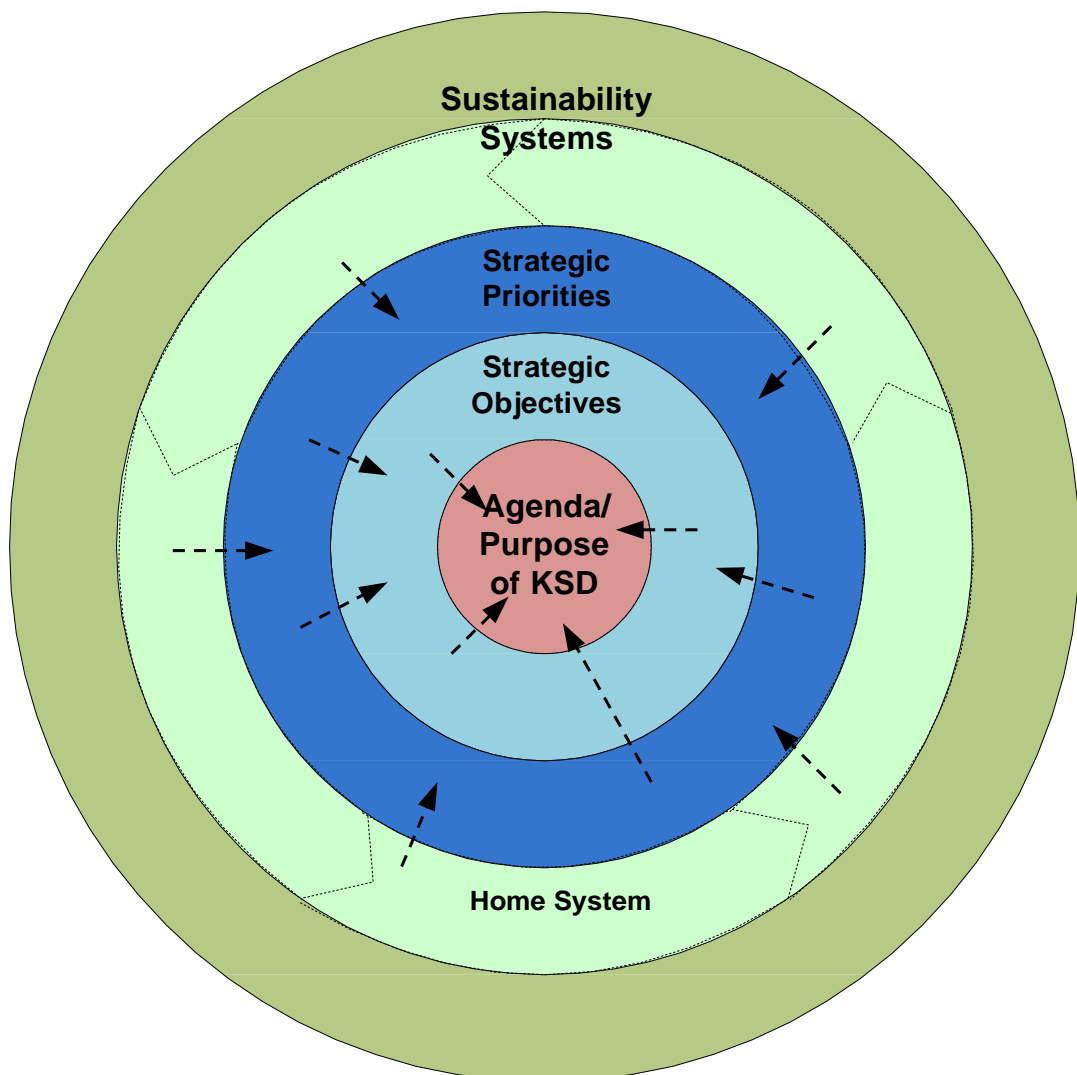
After starting with the understanding of the current conditions and future trends we considered the economic strategy process and commenced with the strategic visioning process called scenario planning, where the local communities will be in 20 years with no intervention and how communities would like to look in the 20 years that is described by the purpose or agenda and the Strategic Objectives of KSD

## 1.1 STRATEGIC APPROACH FOR RAISING SUSTAINABLE ECONOMIC GROWTH

The Strategic Approach used by the KSD in formulating the economic strategy consists of setting:

- i. the overall Agenda/Purpose;
- ii. five Strategic Objectives – within these Strategic Objectives there are Strategic Priorities that are widely recognised as being critical economic drivers to achieve sustainable economic growth;
- iii. Sustainable Systems – which are an important approach to ensure future implementation takes into consideration the importance of intergenerational equality; and
- iv. Municipal targets – which include specific benchmarks for economic growth.

Below is diagrams showing how the parts of the Strategy interact with each other and collectively work together.



**Figure 1. Interaction from Sustainable Systems through to Agenda/Purpose**

Each of these systems is inter-acted and must be managed in a holistic and integrated way to successfully grow and develop the municipality in a sustainable way.

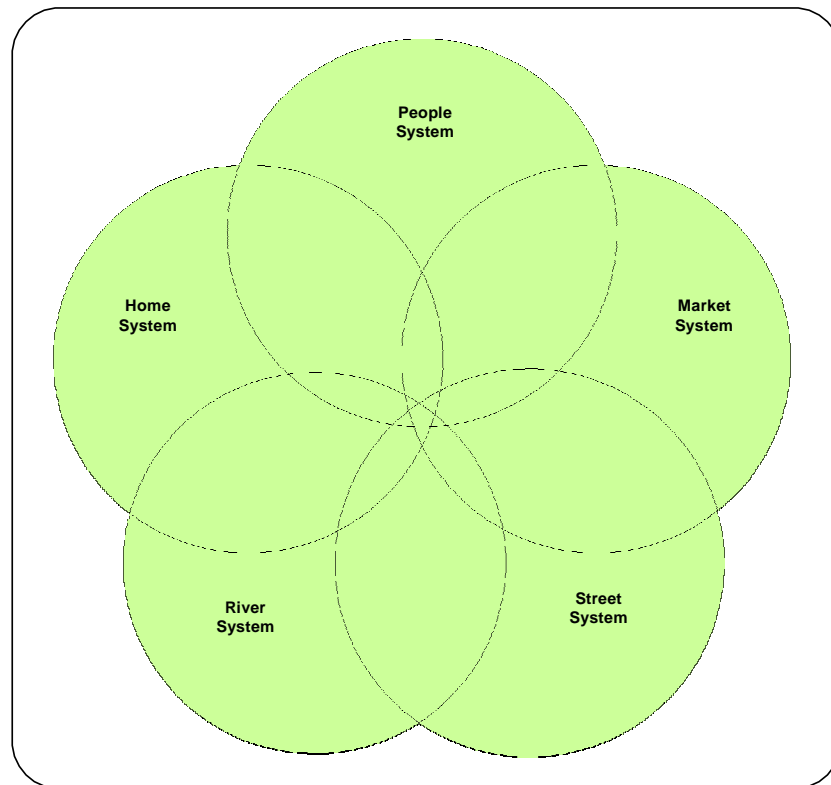


Figure 2. Interaction between the Systems

### 1.1.1 THE AGENDA OR PURPOSE OF KSD

The starting point of the 20 year strategy is the KSD Agenda or Purpose - to increase sustainable economic growth- to which all else in the municipality is directed.

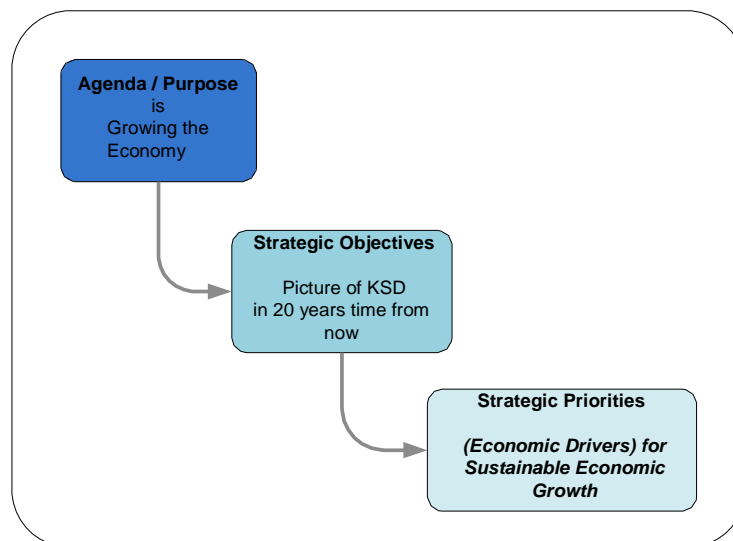


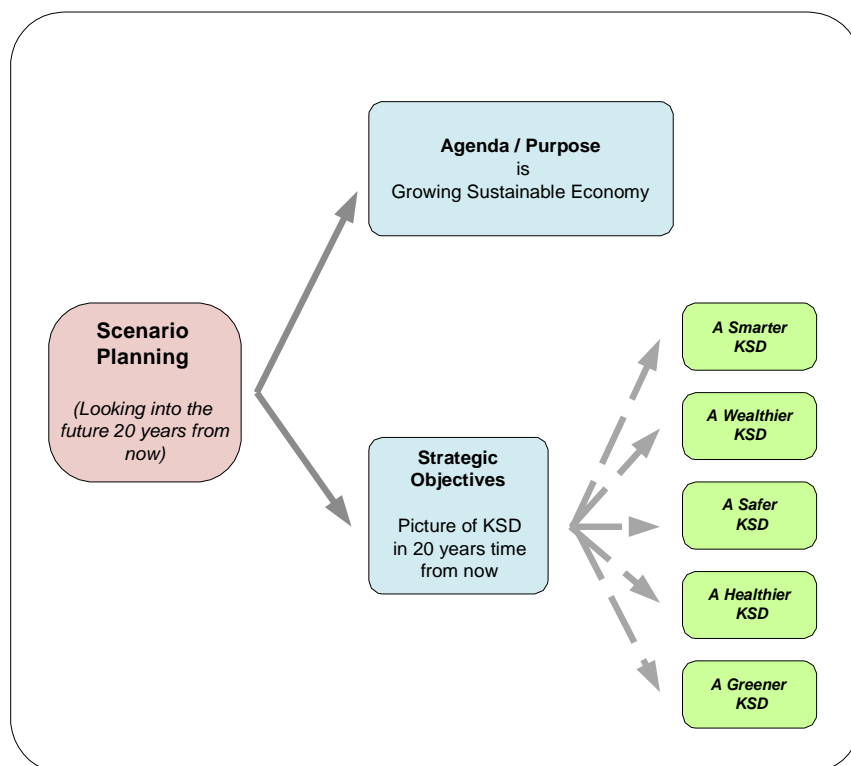
Figure 3. Flow of the Strategy

### 1.1.2 STRATEGIC OBJECTIVES

The delivery of the Agenda or Purpose requires the development of a local government that promotes individual and collective success. This is encapsulated in a set of five Strategic Objectives which map a KSD that is smarter, wealthier, safer, healthier and greener.

The Strategic Objectives play a key role in focusing all the activity of Local Government, and, indeed the public sector in its widest sense, on increasing sustainable economic growth:

- by making KSD smarter and wealthier,
- by making our local communities safer ,
- by making KSD healthier ,
- by making KSD greener.



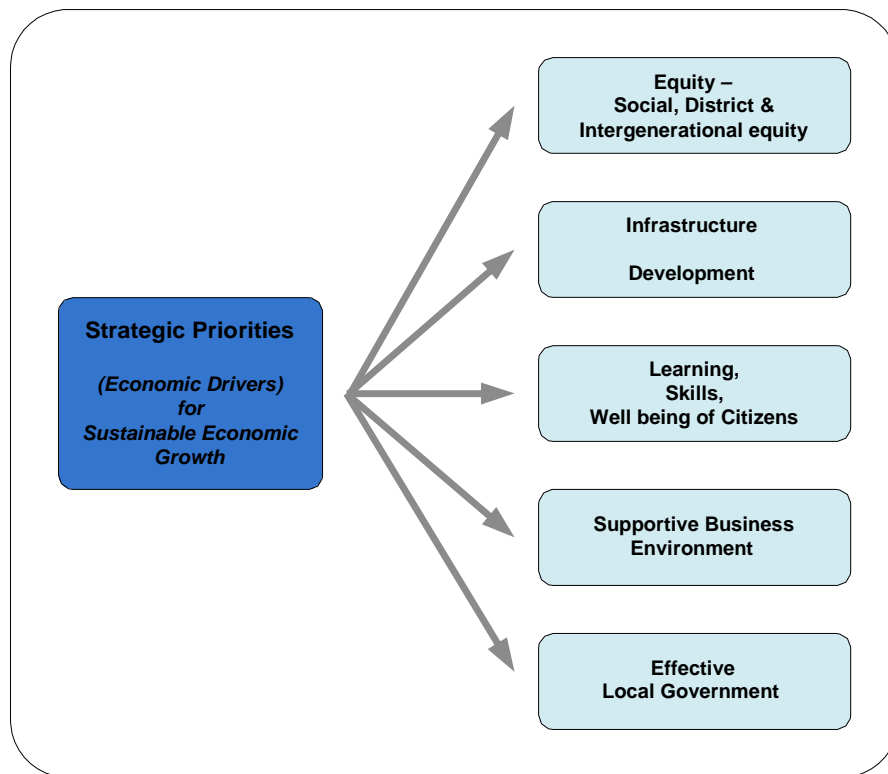
**Figure 4. Strategic Objectives**

When KSD is Greener – it improves KSD's natural and built environment and the sustainable use and enjoyment of it.

### 1.1.3 STRATEGIC PRIORITIES

In order to deliver sustainable economic growth, we must give priority to the specific channels through which growth is most effectively driven. The Economic Strategy identifies five Strategic Priorities, i.e. Infrastructure Development and Place, Knowledge-base, Learning, Skills and Well-being; Effective Local Government; Supportive Business Environment and Equity.

KSD's policies and resources must be aligned towards the Strategic Objectives with a clear focus on achieving the Agenda, with the five Strategic Priorities and Sustainable Systems at the centre of that thinking. The Strategic Priorities apply equally to the rural economy in order to deliver sustainable growth.



**Figure 5. Strategic Priorities**

We organised the Strategic Priorities for KSD around five Sustainable Systems with relevant strategies under each one, river system strategy, street system strategy, home system strategy, market system or LED strategy and people development strategy.

### 1.1.4 INTEGRATED SUSTAINABLE SYSTEMS

The quality of KSD's environment and natural heritage is a key asset and source of comparative advantage. Protecting and enhancing the landscape for future generations is central to both our current and future competitiveness. Sustainability is about keeping systems in balance so that they can continue to exist, and understanding how one part of the system can impart on others whilst maintaining acceptable equity levels within the economy.

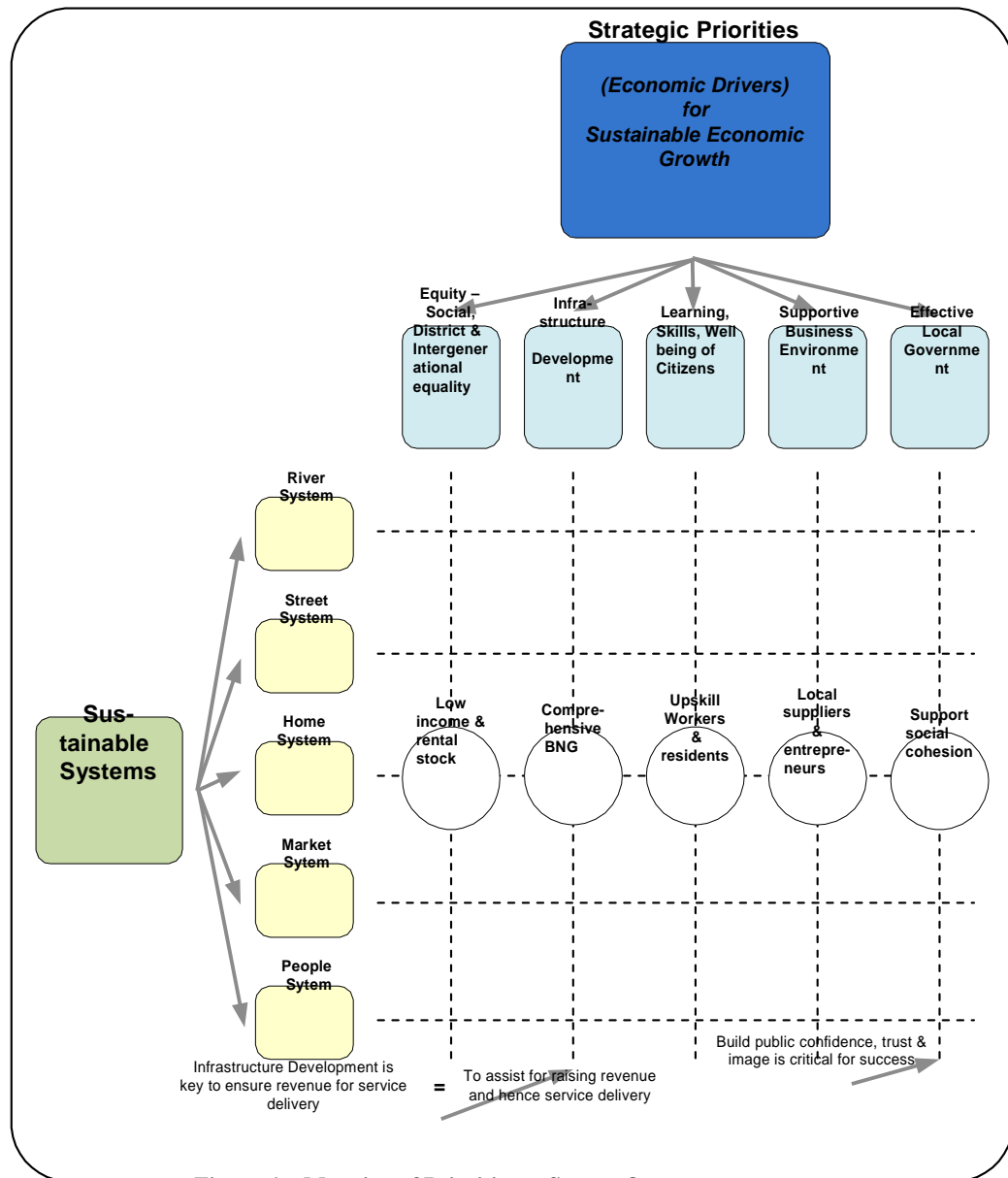


Figure 6. Mapping of Priorities to System Outcomes

Equity is about fairness as it derives from a concept of social justice. Equity means that there should be a minimum level of income and environmental quality below which nobody falls.

Within a local community it usually also means that everyone should have equal access to community resources and opportunities, and that no individuals or groups of people should be asked to carry a greater environmental burden than the rest of the local community as a result of government actions.

Mthatha used to be an economic hub of the then Transkei. A high level of migration to the urban area continues, hence the need for a regional equity.

To achieve this we need to ensure a strategic approach to the growth of KSD's towns and rural areas across transport, planning, housing and economic development and implement a Rural Development Programme (currently under consideration for Mvezo/Qunu) to develop the rural food security base, rural communities and environment.

It is generally agreed that equity whether its social, regional or intergenerational equity implies a need for fairness (not necessarily equality) in the distribution of gains and losses, and the entitlement of everyone to an acceptable quality and standard of living. This equity must be observed in the elements for „a better life for all“ as represented in the people system, river system, street system, home system and market system.

The Economic Strategy identifies five Strategic Priorities that are most critical to economic growth and couples that with short/medium term outcomes in the areas of programmes such as Energy and Solid Waste Management, Water and Sanitation, Transportation and Mobility, Human Settlement, Local Economic and Social Development as part of the infrastructure development programme across all the Systems as these are critical for fixing the centre, Mthatha, in the medium term period.

## **1.2 IMPLEMENTING THE STRATEGY**

### **1.2.1 RESOURCING**

Growing the KSD economy is at the heart of its development Agenda. The resourcing of the Strategy will always influence the final decision on KSD public budget allocation and reflect the centrality of sustainable economic growth to our Agenda.

### **1.2.2 IMPLEMENTATION**

The implementation of the Strategy will be driven across the municipality and supported by the arrangements with other spheres of government to provide a clear focus on delivery of the Agenda or Purpose.



The Economic Strategy will assist us to secure the contribution to achieving economic growth across the public sector and at all levels of government.

The Strategy will be used to direct to development intervention by the Presidency into Mthatha; direct the activities of National, Provincial and District municipality in Mvezo/Qunu rural areas; and direct our discussions with key Stakeholders in areas which will influence the achievement of sustainable economic growth in KSD.

The Strategy sets out a range of opportunities, of which we can only take advantage if incentives are in place to encourage individuals, businesses and others to take up these opportunities.

### **1.2.3 MONITORING AND REVIEW OF STRATEGIC TARGETS**

The monitoring and review of the strategic targets will be performed by the designated and assigned legislative and regulatory bodies and organs.

## 2. THE KSD LOCAL GOVERNMENT ECONOMIC STRATEGY

Written by DBSA in terms of the KSD Masterplan, extensive edited and aligned by M M P Tom

### BACKGROUND: HISTORIC AND CURRENT CONDITIONS

Mthatha's downfall as the "hub" of what was known as the Transkei region is due to a multiplicity of factors that led the heart of the KSD Municipality into a degeneration of potholes, an outdated sewerage systems, electricity and water outages and dilapidated buildings. In addition the jewel of the city, the Mthatha River is now home to alien vegetation and raw effluent. The water is dirty and polluted, and the overgrown bushes on the banks have become criminal havens. The people of Mthatha often have to go for extended periods without water, and sewerage spills are a constant sight.

The roads are mostly in disrepair, congested with cars, parking has become a nightmare , main roads are also constantly overcrowded with trucks offloading supplies to numerous hardware stores in Madeira Street, which is also the main street connecting to the N2 .The land is locked in by the surrounding rural areas, whose land claims constrain the expansion of the city. It can be understood that such realities and circumstances are not only a burden to a better life for all, but also structural and material constraints to sustainable development and growth, both economic and social.

All these realities have led to the fact that Mthatha's economy is extremely dependent on community and government services and a host of informal trading markets. Unemployment is rife and in large part to blame for the emergence of a huge informal sector.

The rates boycott crippling the municipality from 1990 onwards had a very negative influence on the area's development and a continuous and severe economic downturn, with the withdrawal of both public and private sector investment leading to massive job losses. One needs to agree, however, that in the last 3-4 years there have been signs of an economic turnaround as developers invest in the town and in new malls and hotels. The upgrading of the N2 between East London and Mthatha and the promised reconstruction of the Kei Rail has also boosted investor confidence. This, together with the relative stability within the structures of the KSD Municipality, are clear indicators that there are visible and tangible signs that amid the grime and crime and infrastructural challenges, the seeds of a new, reborn and rejuvenated town have emerged characterised by growth, survival, entrepreneurship, boosting in more ways than one by the detailed blueprint for sustainable development plan for Mthatha and its surrounding areas.

The hopes for a future sustainable development are evident in billboards promising hotels and malls with long past „open-by“ dates mainly due to pending land claims, while the local tourism office that advertises on a permanently locked door, and the much talked about MANDELA MUSEUM is in perpetual repairs. These are realities that need to be rectified, based on well thought plans, meticulous designing initiatives and research driven and appropriate implementation patterns.

The driving forces behind the local economy are complex. Mthatha is almost halfway between East London and Kokstad and is the main service centre for approximately 1.5 million people within a 50km radius. 250 000 people live in Mthatha itself. More than two-thirds of people in the catchment area live in poverty and 52% are unemployed. Half the population, which is growing at 0.7% a year, is younger than 19. The average annual income of a black Mthatha resident is R15 762 compared to R131 583 and R41 875 for a white and coloured person respectively.

40% of the gross value-add in the local economy is from community and government services. Significant numbers of households are dependent on government grants and mine worker remittances for mere survival.

Despite this grim picture there is energy within the local economy that surpasses many medium-sized towns in South Africa. There are evident signs in recent economic data indicating that the performance of certain sectors is improving. This includes employment growth in community, social and personal services, wholesale and retail construction, finance and insurance, and real estate and transport. There is also evident expansion in the manufacturing sector, agriculture, fishing and forestry, and in employment created by private households. The local municipality reports large numbers of development applications that require approval. Construction for both the expansion of the Mthatha airport and the 2010 stadium has been almost completed. It is almost as if Mthatha is bursting at the seams and on the brink of a new era. It is up to us to expand the horizons of development through unity of purpose, scientific planning and transparent and effective implementation.

But, there are critical blockages to development that require immediate addressing. The town is landlocked – both on the outskirts where it merges into rural trust land, and within the town where historical mismanagement has resulted in complex and dual land and property ownership titles that discourage private sector finance. The public sector, in the form of the Eastern Cape Development Corporation, owns extensive property within the central business district but acts more like a frustrated landlord than an entrepreneurial developer. The town is also subject to numerous land claims, which have led to protracted development processes – in part because provincial departments lack information and systems to address the claims. There is a dire shortage of industrial, commercial and residential property space, which has led to skyrocketing rentals and prevented many from

locating themselves within the town. Development is being pushed to the town's periphery, which encourages urban sprawl and drives up the costs of service delivery.

There are severe infrastructure constraints. The bulk network was developed decades ago and cannot meet the demands of the current population. There are also serious challenges in the operation and maintenance of the infrastructure. In the sustainability plan team's early investigations, it was found that 19 of 20 sewage pump stations were dysfunctional with raw sewage flowing unchecked into the river. There has also been a decline in waste management, with piles of rubbish waste everywhere.

This is compromising the health and safety of communities. But if these issues could be addressed, the Mthatha economy would expand significantly. Economically and socially speaking Mthatha can be described as a prime example of a structurally unequal economy that forced large numbers of micro and small firms to compete against each other in the lowest end of the market owing to their inability to compete against large, established firms. Under such circumstances the structure of the economy perpetuates a racial and class divide. The small number of large firms dominating all sectors is mainly white and Indian owned and tends to monopolise the market.

On the other hand a middle layer of foreign-owned businesses has been emerging in the last few years located between the large firms and the formal locally black-owned firms. They appear to be able to afford the high rentals within the CBD of Mthatha and take up formal business space. Part of their success is ascribed to networking and co-operation. An example is a cell-phone, radio and clothing business operating from a single space under three separate owners. Foreigners have also focused successfully on providing variety in the market which has been fairly confined in the last decade despite the evidence provided earlier.

Below the foreign business layer are thousands of semi-formal businesses mainly in activities with relatively low barriers to entry, such as construction and public transport. Owing to their large numbers, profit margins are severely squeezed. In the construction sector, firms openly admitted to corruption being the only competitive factor at this end of the market. 95% of the customer base for small contractors is government, especially the provincial government. International research in respect of developing economies indicate that such practices and market patterns stifle development to a large extent as competition trends become skewed and stifle genuine entrepreneurship initiatives that could find themselves marginalised in such an environment ( J.J. Phillips *Return to Investment* , 2006 , Second Edition, Huston : Golf Publications)

Below the semi-formal layer of small firms is a vast informal sector with about 3 000 hawkers battling for survival. 86% are female and 98% African. More than half sell

purchased fruit and vegetables (33%), make clothing (14%), or do hair dressing (12%). Very few jobs are created in this sector with a ratio of 0.5 workers per firm. 70% operate off the pavement or at taxi ranks. The informal sector appears to be a poverty trap – 53% of hawkers have been operating for more than five years and 61% earn less than R500 per month.

This structure of the local economy encourages massive leakage from the town. Large wholesalers and retailers source most of their supplies from East London, Durban and Johannesburg. Their head offices are located mainly in Gauteng. Their market is residents of Mthatha and surrounds and the different spheres of government with offices in the town. The SMMEs purchase goods from wholesalers and retailers within Mthatha or in East London and Durban and have very little bargaining power with the large firms. The dependency relationship between the large and small firms means that the number of times money circulates within the local economy before it leaves Mthatha is greatly reduced. Because of the fact that there is negligible manufacturing activity, firms cannot buy from local producers. One of the shifts needed is for residents to move from being primarily consumers to producers. It is clear that the economic status quo is undesirable and unsustainable, although there are opportunities in retail, real estate, transport and finance if key obstacles are removed. But economic growth in itself will not make the town more sustainable. Growth that does not impact on the high levels of poverty, unemployment and disease such as HIV/ Aids and TB, will escalate a downward spiral of increasing crime and corruption (K. Harrison "Can Mthatha Turn the Corner? , City-Think Space ,[www.citythinkspace.com](http://www.citythinkspace.com))

The current economic trends offer no incentives for either government or business to focus on quality of services or production. Instead it creates perverse incentives to maintain and „cover up“ the current situation. Having said this, Mthatha is not a basket case and has a number of strong comparative advantages that could sustain long-term development in the town. These include

- the central location of Mthatha with a direct market of 1.5 million people,
- the magnificent river that could be rejuvenated,
- major transport linkages between the town, other urban centres and the rural hinterland.
- the people of Mthatha with their local knowledge ,aspirations and skills,
- the excellent soil and climate,
- the linkages between the town and major tourist attractions along the coastline and the spending power of the population.

These are realities and characteristics that have throughout the years provided a very comprehensive material base for sustainable development and growth, especially within the

context of a combined urban, semi-rural and rural terrain evident in the KSD municipality landscape.

Thus in his seminal treatment of the fundamentals of service management, Fitzsimmons identified the following as the basis of sustainable developmental service management:

- Expansive population trends as opposed to over-population.
- Sustainable or potentially sustainable transport modes linking the various key growth areas.
- Geographical and weather and environmentally friendly conditions.
- An expanded or potentially expanded human capital.

( J.A. Fitzsimmons *2001 Service Management* , New York : Mc Grow Hill).

Together with these characteristics, Mthatha also has competitive advantages in the form of the Nelson Mandela Museum and the Walter Sisulu University, which need to be harnessed immediately to change the economic trajectory of the region.

Hence the possibilities expressed in the “DEVELOPMENT CHARTER FOR MTHATHA” signed by all stakeholders and role players led by the leadership of the KSD Municipality that by 2030 the city and the municipality will

- have retained and enhanced their natural assets and resources,
- have welcoming, vibrant and safe streets and an affordable, non-polluting and
- effective transport system,
- attract investment and create good livelihoods,
- offers dignified living areas that do not use more resources than are naturally replenished.

It can be realised if there is a concerted, coordinated and unified effort towards economic and social upliftment and development.

## 2.1 PROCESS TOWARDS THE FORMULATION OF ECONOMIC STRATEGY

The vision described in the Charter concentrates on the most important elements of a better life for all; The people, The home system, The street system, The river system, The market system.

It envisages a Mthatha to have a robust and equitable economy that provides space and livelihoods to all. Its basis in local production and consumption increases the city's and the municipality's resilience to global economic turbulence. Zero waste resource cycles provide livelihood opportunities and reduce pollution and waste, and create a town that is attractive to do business and live.

Inevitably the KSD Municipality will take a leading role in facilitating and coordinating the implementation of the plan.

This includes the development of an implementation framework and the alignment of budgets and implementation programmes of the range of role-players, stakeholders and partners. The “marketing” of the plan and fund-raising will also be included.

This statement is of importance because the leadership shape, attitude and continuity is integral to the planning and implementation of the medium and long term developmental vision of Mthatha and its surrounding areas as there are three levels of leadership in Mthatha:

- the local municipality,
- the district municipality and
- the traditional leadership.

The existing tension between the three levels is tangible and runs high. There has been a general concern for several years amongst the leadership regarding the lack of cooperation and support between the council members, with the King Sabata Dalindyebo (KSD) Local Municipality being the most affected. KSD is dependent on the district for the provision of significant infrastructure services, while the traditional leadership with the support of communities is claiming land that has previously been assumed to be part of the urban landmark.

These realities point to the belief that developmental striving forward will be difficult despite the fact that Development Bank of Southern Africa (DBSA) has supported the Urban Renewal Programme in Ngangelizwe Township by making Mthatha a pilot project for the Sustainable Communities Study. This process led to the appointment of a technical team, called the Sustainable Mthatha Consortium, led by City Think Space (an urban development consultancy firm), to put together the Mthatha Sustainable Development Plan. This plan constitutes a 20 year strategy adopted by the KSD Municipality, the community and all stakeholders as the Master Plan of Mthatha.

In following this planning and course of action , the KSD Municipal leadership followed closely not only the prescribed legislation and conditions and requirements of the existing legislative and regulatory framework but also the internationally accepted principles and steps of a consultative and well planned and implemented process as has been identified in a number of widely acknowledged sources of international public policy ( D. Parsons *Public Policy* ,Third Edition 2007, New York: Elgar Publishers; Pressma J and Wildaski I, *Implementation* ,2002, Berkeley , California,: BUP).

The DBSA adopted the Sustainable Communities planning methodology that utilises participatory development planning processes to ensure the participation of all stakeholders in development and their commitment to development through the social charter.

Within this framework a number of initiatives took place with emphasis on the commitment of all stakeholders, agencies and role-players, including civil society groups as well as the King, OR Tambo District Municipality according to the dictates of the Municipal Structures Act and the Intergovernmental Relations Framework Act. These initiatives were obviously important in the case of Mthatha, because the district is responsible for the delivery of infrastructure in the KSD Local Municipality. This means that whatever plans are made on infrastructure, the district must commit to their implementation.

There has been also involvement and cooperation of civil society groups in the planning process with Non-Governmental Organisations (NGO), Community-Based Organisations (CBO), Faith-Based Organisations (FBO), including traditional healers, the youth, women, people with special needs and business (formal and informal) participating.

Community engagement and participation also took place at various wards and areas throughout and around Mthatha.

Such initiatives and processes do not only indicate a clear-cut and unequivocal adherence to all existing legislative and regulatory frameworks but also a scientific approach to planning and implementation principles inherent in such initiatives as identified in the seminal public policy source penned by world authorities on the subject (Webb A and Winstow G, *Planning, Needs and Scarcity*, 2006, London: Allen and Unwin).

All these developmental facilitation processes created much needed hope in Mthatha. The municipality has adopted the sustainability principles, as reflected in the Sustainable Development Plan, committing itself to working together with all the partners in ensuring that the vision of Mthatha is realised. Various stakeholders and interest groups have pledged their support for the process on paper and in action.

The charter signing ceremony illustrated that the people of Mthatha are united in wanting to see development in their area. A lot of activity is taking place as a result, such as the renovations of the sewerage plant, the rehabilitation of the old Transido Park in Ngangelizwe and the renovations and upgrade of the Ngangelizwe Clinic. The plan has become the talk of town and is the embodiment of hope for boosting the economy of the municipal area. What is also unique and encouraging in Mthatha is to see how the municipality's leadership has owned the process and how they are running with it. The Mayor, Honourable S Mlamli, and Municipal Manager, Mr Monde Tom, have bought into the vision and are at the forefront



of entrenching and integrating it to the current planning processes of the municipality. The plan is now central to the municipality's IDP.

Much work still needs to be done to entrench sustainability principles in the communities, for all stakeholders to take part in the implementation and realisation of the plan, to have everyone play a positive role in making the old city a better place to live in from this generation forth, and for this generation to be remembered as the generation that chose to stand up and make the difference. The plan may require a lot of investment internally and externally, but it can only happen if the people of Mthatha are willing to make it happen.

Within these developmental imperatives there are the following economic /developmental possibilities that need to be looked at seriously in terms of initial research, collaboration with the university's various departments and units, independent researchers and other interested organisations, entities, associations and organs of civil society:

- Agriculture and agro-processing possibilities including irrigated cultivation and dry-land cultivation
- Possibilities of developmental aspects related to the timber industry in respect of existing forests.
- Developmental possibilities in relation to the optimisation of water management in the Mzimvubu Catchment area
- Tourism development opportunities in relation to Nelson Mandela's Birthplace and the Mandela Museum in Mthatha as well as the Coffee Bay area.
- Develop the economic /developmental potential of sustainable settlement patterns (both in terms of production and construction).

In such initiatives comparisons that can be of immense value to the initiators, implementation agencies and stakeholders are inevitable.

Amongst them of importance are the following:

- The careful study of the Eastern Cape Nguni Project described in detail in N.Faku's 2009 research report for the Department of Agriculture.
- The Ezemvelo Farmer's Cooperative success researched , initiated and implemented in uMbumbulu (KwaZulu Natal by Professor Albert Modi, the newly installed CEO of MOSES KOTANE INSTITUTE in KwaZulu Natal as a part of the SANPAD First Phase Research Initiative in the period 2001-2005)
- Professor Albert Modi's Seminar Presentation regarding this Project and its national and provincial repercussions at the Walter Sisulu University Conference on Agriculture earlier this year.
- Professor P. Hoebing's presentation at the same conference where he utilised a number of comparative developmental studies in the Transkei and other regions.
- Z.Madiyi's research project of 2009 in respect of Massive Food Production Initiatives in the Transkei.

- The Massive Food Production results and prospects in comparative context and lessons thereof) (See especially FARMERS WEEKLY 8/4/2005, *"No so massive food production"*).

After starting with the understanding of the current conditions and future trends we considered the Economic Strategy Process and commenced with the strategic visioning process called scenario planning, where the local communities will be in 20 years with no intervention and how communities would like to look in the 20 years that is described by the purpose or agenda and the Strategic Objectives of KSD.

## 2.2 THE AGENDA OF KSD

The starting point of the 20 year strategy is the KSD Agenda - to increase sustainable economic growth - to which all else in the municipality is directed. Financial and other resources will be aligned to ensure that policy development and expenditure programmes are sharply focused on the delivery of this Agenda and, specifically, on delivering the challenging ambitious targets that we are setting for KSD.

## 2.3 STRATEGIC OBJECTIVES

The delivery of the Agenda requires the development of a local government that promotes individual and collective successes. This delivery is encapsulated in a set of four Strategic Objectives which outline a KSD that is smarter and wealthier (or prosperous), safer, healthier and greener.

**Smarter and Wealthier-** means expanding opportunities for our people to succeed from nurture through to life long learning to ensure higher and more widely shared achievements. This should enable businesses and people to increase their wealth and more people to share fairly in that wealth;

**Safer-** help local communities to flourish, be instrumental in providing safer streets and places to live, offering improved opportunities and a better quality of life;

**Healthier-** help people to sustain and improve their health, especially in disadvantaged local communities, ensuring better, local and faster access to health care;

**Greener-** improves KSD's natural and built environment and the sustainable use and enjoyment of it.

The Strategic Objectives play a key role in focussing all the activity of Local Government, and, indeed the public sector in its widest sense, on increasing sustainable economic growth:

- by making KSD smarter and wealthier, we will lay the foundations for future growth and well-being of our children, increasing skill levels and better channel the outputs of our university and FET college into sustainable wealth creation. We will generate wider opportunities for work, increase our competitiveness and make KSD an attractive place to live, work and invest;
- by making our local communities safer , we will increase the attractiveness of KSD as a place to live and work, attract talented migrants and high quality businesses, and reduce out-migration;
- by making KSD healthier through anticipatory, timely and effective services and encouraging healthier life-styles, we will increase the productivity of our people's workforce, reduce absenteeism, and improve municipal sector efficiency ;
- by making KSD greener, we will improve the natural and built environment , valued by those living and working in KSD and underpinning our businesses and key sectors.

## **2.4 STRATEGIC PRIORITIES**

In order to deliver sustainable economic growth, we must give priority to the specific channels through which growth is most effectively driven. The Economic Strategy identifies five Strategic Priorities. These are widely recognised to be critical to economic growth:

- Infrastructure Development and Place;
- Knowledge-base, Learning, Skills and Well-being;
- Effective Local Government;
- Supportive Business Environment;
- Equity.

Each of these priorities is critical to the delivery of our Agenda and will be embedded to each of the Strategic Objectives to deliver a Smarter, Safer, Healthier and Greener KSD. In turn in order to ensure achievement of our Strategic Objectives we must keep the five sustainability systems river, street, home, market and people in our local economy in balance so that they continue to exist, and understanding how one part of the system can impart on others. Again these systems are underpinned by the Strategic Priorities in order to be realised simultaneously with the Strategic Objectives.

Our policies and resources must be aligned towards the Strategic Objectives with a clear focus on achieving the Agenda, with the five Strategic Priorities and Sustainable Systems at the centre of that thinking. We must follow a joined up approach across all the Strategic Objectives in order to maximise their impact and effectiveness, since each priority

contributes to several, if not each, of the Strategic Objectives. It is only by working together through intergovernmental relations (across government), across the public, private and third sectors - that we can achieve our Agenda.

The Strategic Priorities apply equally to the rural economy in order to deliver sustainable growth the Strategy identifies as critical:

- Relevant Infrastructure development;
- Supportive Business Environment includes addressing of land reform, tourism, agrarian transformation and food security;
- Learning, Skills and Well-being include social security, health care, education, housing and employment.

The Municipality sees the whole of the public sector having a critical role to play in contributing to the five priorities whilst keeping balance of the five sustainability systems and achieving the key outputs/targets in view of their centrality in delivering the Agenda and Strategic Objectives. The coordination by CoGTA and stimulation of those contributions from all levels of the public sector will be essential to the success of the KSD Economic Strategy.

## **2.5 INTEGRATED SUSTAINABLE SYTEMS**

The quality of KSD's environment and natural heritage is a key asset and source of comparative advantage. Protecting and enhancing landscape for future generations is central to both our current and future competitiveness. Sustainability is about keeping systems in balance so that they can continue to exist, and understanding how one part of the system can impart on others whilst maintaining acceptable equity levels within the economy.

Equity is about fairness:

Equity derives from a concept of social justice. It represents a belief that there are some things which people should have, that there are basic needs that should be fulfilled, that burdens and rewards should not be spread too divergently across the community, and that policy should be directed with impartiality, fairness and justice towards these ends.

Equity means that there should be a minimum level of income and environmental quality below which nobody falls. Within a local community it usually also means that everyone should have equal access to community resources and opportunities, and that no individuals or groups of people should be asked to carry a greater environmental burden than the rest of the local community as a result of government actions. It is generally agreed that equity

implies a need for fairness (not necessarily equality) in the distribution of gains and losses, and the entitlement of everyone to an acceptable quality and standard of living.

Delivering sustainable growth with opportunities for all our people is at the heart of the KSD's Agenda. The key driver of growth is to create the conditions to achieve social equity, regional equity and inter-generational equity.

Increasing social equity in KSD has the potential to reconnect large numbers of people in disadvantaged groups and rural communities to the mainstream economy of Mthatha, fulfilling their potential, increasing participation and growth and building stronger and safer local communities.

At present, differences in income, participation and growth across KSD act as a drag on our economic performance and potential. Increased participation and enhanced quality of employment across Mthatha, Mqanduli, Coffee Bay and rural areas will enhance our economic performance and deliver a more inclusive KSD so that, no matter where people live, opportunities are open to them.

To achieve this we need to

- Ensure a strategic approach to the growth of KSD's towns and rural areas across transport, planning, housing and economic development.
- Implement a Rural Development Programme (currently under consideration for Mvezo/Qunu) to develop the rural food security base, rural communities and environment.

Sustainability or inter-generational equity is critical for sustainable economic growth. The idea is behind the view of not reducing the ability of future generations to meet their needs, although future generations might gain from economic progress, those gains might be more than offset by environmental deterioration. Most people would acknowledge a moral obligation to future generations, particularly as people who are not yet born can have no say in decisions taken today that may affect them.

Environmental inequities already exist in all local communities. Poorer people tend to suffer the burden of environmental problems more than others do. This is because more affluent people have more public choices about where they live: they can afford to pay more to live in areas that have not had their environment degraded. Also, more affluent people are better able to fight the imposition of a polluting facility in their neighbourhood because they have better access to financial resources, education, skills and the decision-making structures. Similarly workers in certain industries are often exposed to higher health risks than the rest of the local community.

To achieve this we need to

- Ensure KSD's planning framework and strategic energy, solid waste management, water and sanitation, housing, transport and private investments drive an approach to economic growth that allows KSD to improve the quality of the environment.
- Build on the launch of the Presidential Intervention and Mvezo/Qunu programme to kick start some if not all the Strategic Priorities/ Outcomes of the Economic Strategy.

It is generally agreed that equity whether its social, regional or intergenerational equity implies a need for fairness (not necessarily equality) in the distribution of gains and losses, and the entitlement of everyone to an acceptable quality and standard of living. This equity must be observed in the elements for „a better life for all" as represented in the following:

- **The River System** includes river catchments; water systems including water supply, use, runoff and disposal; open space and recreation; natural features and climate; agriculture.
- **The Street System** deals with all the activities that take place in the streets and public spaces of a town or village such as road, rail and transport networks; pedestrian movement and access; street trading, social activities and culture; urban form and land use.
- **The Home System** deals with integrated comprehensive human settlement aspects such as neighbourhood types, settlement density, housing types and delivery mechanisms, community facilities and public spaces.
- **The Market System** deals with economic sectors, goods and services, business activities, regional economic networks.
- **The People System** includes support by and positioning of the people of KSD in driving the development to achieve the Strategic Objectives and ultimately the Agenda.

### 3. IMPLEMENTATION OF THE STRATEGY

#### 3.1 RESOURCING

Growing the KSD economy is at the heart of its development Agenda. The resourcing of the Strategy will always influence the final decision on KSD public budget allocation and reflect the centrality of sustainable economic growth to our Agenda.

### 3.2 IMPLEMENTATION

The implementation of the Strategy will be driven across the municipality and supported by the arrangements with other spheres of government to provide a clear focus on delivery of the Agenda. Delivery is supported by a Programme Management Office (PMO) for each Strategic Objective. This will deliver the Agenda through:

- a Smarter and Wealthier KSD,
- a Safer KSD,
- a Healthier KSD,
- a Greener KSD.

The Economic Strategy identifies five Strategic Priorities that are most critical to economic growth and couples that with short/medium term outcomes in the areas of programmes such as **Energy and Solid Waste Management, Water and Sanitation, Transportation and Mobility, Human Settlement, Local Economic and Social Development** as part of the **infrastructure development programme across all the Systems as these are critical for fixing the centre, Mthatha, in the medium term period.**

The infrastructure of the Municipality can be organized into:

- Transport and logistics infrastructure
- Energy and water infrastructure and
- Last, but not least, the build-up infrastructure

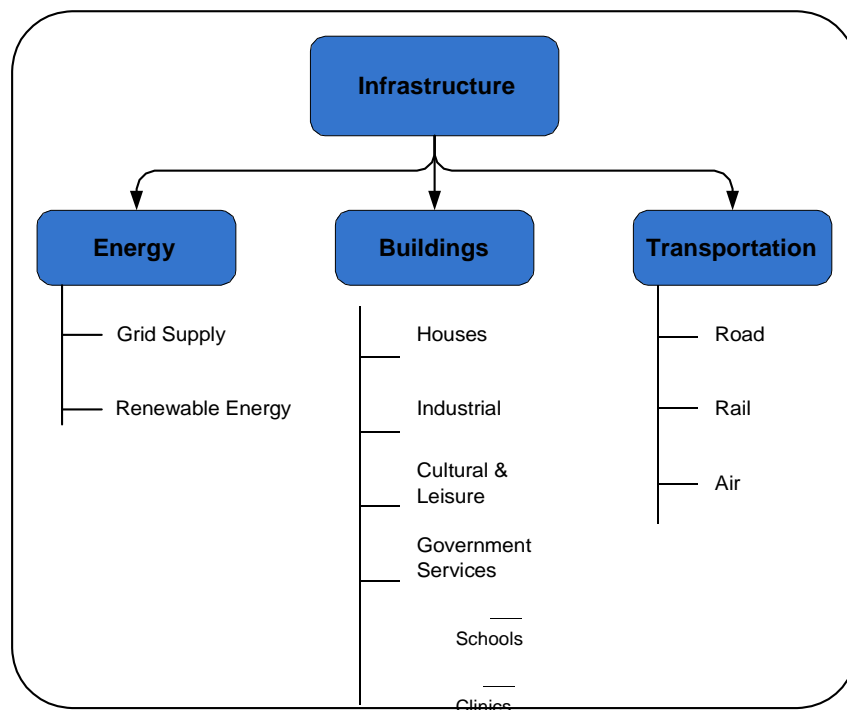


Figure 7. KSD Infrastructure Structure

The Economic Strategy will also assist us to secure the contribution to achieving economic growth across the public sector and at all levels of government.

The Strategy will be used to:

- direct development intervention by the Presidency into Mthatha ;
- direct the activities of National, Provincial and District municipality in Mvezo/Qunu rural areas;
- direct our discussions with key Stakeholders in areas which will influence the achievement of sustainable economic growth in KSD.

The Strategy sets out a range of opportunities, of which we can only take advantage if incentives are in place to encourage individuals, businesses and others to take up these opportunities.

One of the delivery mechanisms is the use of Public-Private-Partnerships as is outlined in the Municipal Service Delivery and PPP Guidelines – quote

***“Public-private partnership”:*** a commercial transaction between a municipality and a private party in terms of which the private party :

- a. Performs a municipal function for and on behalf of a municipality, or acquires the management or use of municipal property for its own commercial purpose; or both performs a municipal function for or on behalf of a municipality and acquires the management or use of municipal property for its own commercial processes
- b. Assumes substantial financial, technical and operational risks in connection with:
  - (i). The performance of the municipal function
  - (ii). The management or use of the municipal property: or
  - (iii). Both
- c. Receives a benefit from performing the municipal function, or from using the municipal property or both, by:
  - (i). Consideration to be paid or given by the municipality or a municipal entity under the sole or shared control of the municipality
  - (ii). Charges or fees to be collected by the private party from users or customers of a service provided to them
  - (iii). A combination of the benefits referred to in subparagraphs (i) and (ii).

### 3.3 MONITORING AND REVIEW OF STRATEGIC TARGETS

The Strategy will evolve as economic conditions and responsibilities of the Local Government change. This evolution will be influenced by the reviewing process from outside



the Municipality through the use of Local Strategic Partnerships (LSP"s) Forum(s) involving private sector and civil society..

The monitoring and review of the strategic targets will be performed by the designated and assigned legislative and regulatory bodies and organs such as Portfolio committees, LSP"s, and Provincial / National committees as may be requested.

These bodies will hold the Municipality to account through accessing achievements of the measureable targets set out in this strategy.

### 3.3.1 STRATEGIC TARGETS

KSD has set for themselves the following strategic targets:

**By year 2015:**

- To raise the growth rate to the Provincial Level
- To raise the current revenue base to R1bn over the period to 2015.

**In the longer term:**

- To match the growth rate of similar sized provinces by 2018
- To raise our position on the labour market participation as a reasonably performing local economy in the Province
- To narrow the gap in Public Participation between KSD"s best and worst performing wards by 2018
- To reduce emissions by 50% by 2030

## 4. CONCLUSION

We will formally and regularly report on the progress that we are making in relation to these targets. This is the first time in the existence of KSD the municipality has set measurable, time-bound economic targets, which will be central to gauging progress towards our Strategic Objectives and towards creating a more successful municipality, with opportunities for all of KSD to flourish, through raising level of sustainable economic growth.

Annex A – A Sustainable Market System or LED Strategy

Annex B – Programme for Key Projects – Energy & Waste Management

Annex C - Programme for Key Projects – Water & Sanitation

Annex D - Programme for Key Projects – Transport & Mobility

Annex E - Programme for Key Projects – Human Settlements

Annex F - Programme for Key Projects – Local Economic and Social Development

## ANNEX A :A SUSTAINABLE MARKET SYSTEM OR LED STRATEGY

### a Sustainable Market system or LED STRATEGY

Written by Karen Harrison, Updated version by M M P Tom

Indego Consulting, December 2008, KSD updated July 2010

As part of the Sustainable Mthatha Consortium, KSDM

## INTRODUCTION

This '*LED Strategy for a Sustainable Market System in Mthatha*' is a supporting document for the Mthatha

Sustainable Development Plan (MSDP), 2008. The MSDP identifies 5 systems that impact on the sustainability of the Mthatha (including Mqanduli) town, namely the 'River', 'Street', 'Home', 'People' and 'Market' systems. The MSDP describes each system and the challenges and opportunities facing each system. It then identifies strategies and projects for improving the sustainability of these systems. This LED Strategy provides more in- depth detail on the Market System and could be viewed as the Local Economic Development Strategy for the Mthatha town.

The LED Strategy has the following key sections:

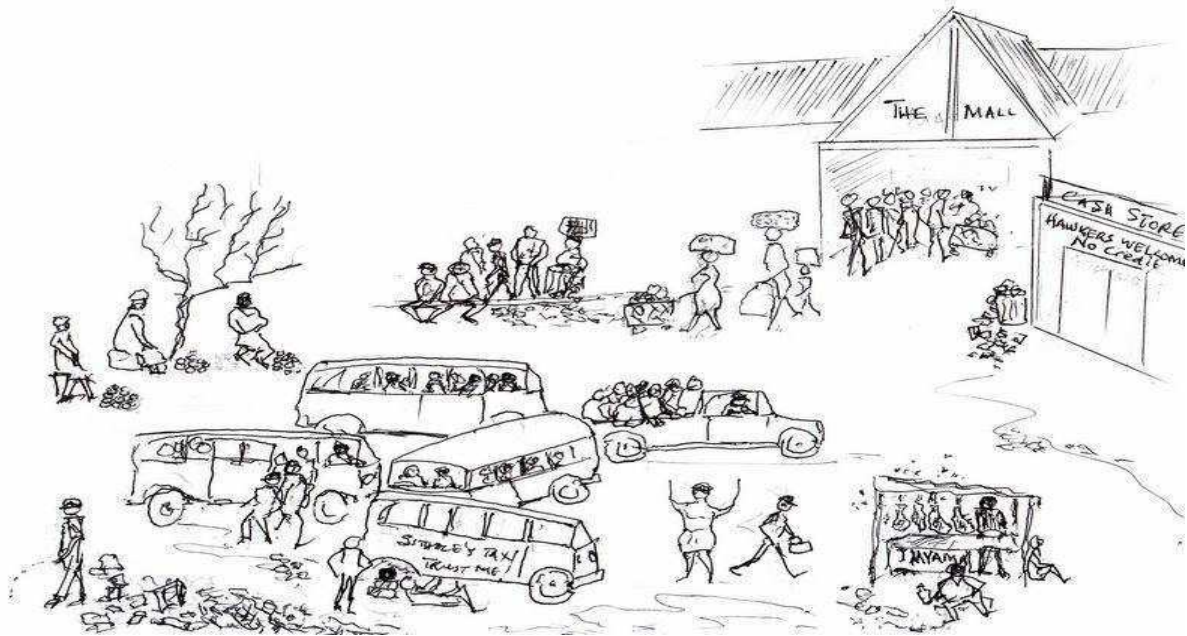
1. What is a healthy and unhealthy market system?
2. What's happening in the Mthatha (and Mqanduli) market system?
3. What's blocking economic growth and participation in Mthatha?
4. Strategies for a Sustainable Mthatha?
- 5.

All of the LED strategies that have a spatial planning implication have been integrated into the MSDP. Other non-spatial LED strategies are included at a high-level and more detailed project planning is required prior to implementation.

## WHAT IS A HEALTHY AND UNHEALTHY MARKET SYSTEM?

A market system refers to all the business activity taking place in a town, city or space – the large and small formal businesses, the hawkers and the illegal businesses. It includes the money that flows through these businesses to suppliers and services, and from customers into the businesses.

A market system includes the external environment in which the business takes place, such as the quality of, and accessibility to, infrastructure, business and social services. It includes the levels of skills, knowledge and accessibility. It also includes the levels of crime and corruption. The cartoons in Figures 8 and 9 below illustrate unhealthy and healthy market systems.



**Figure 8 Unhealthy Market System**

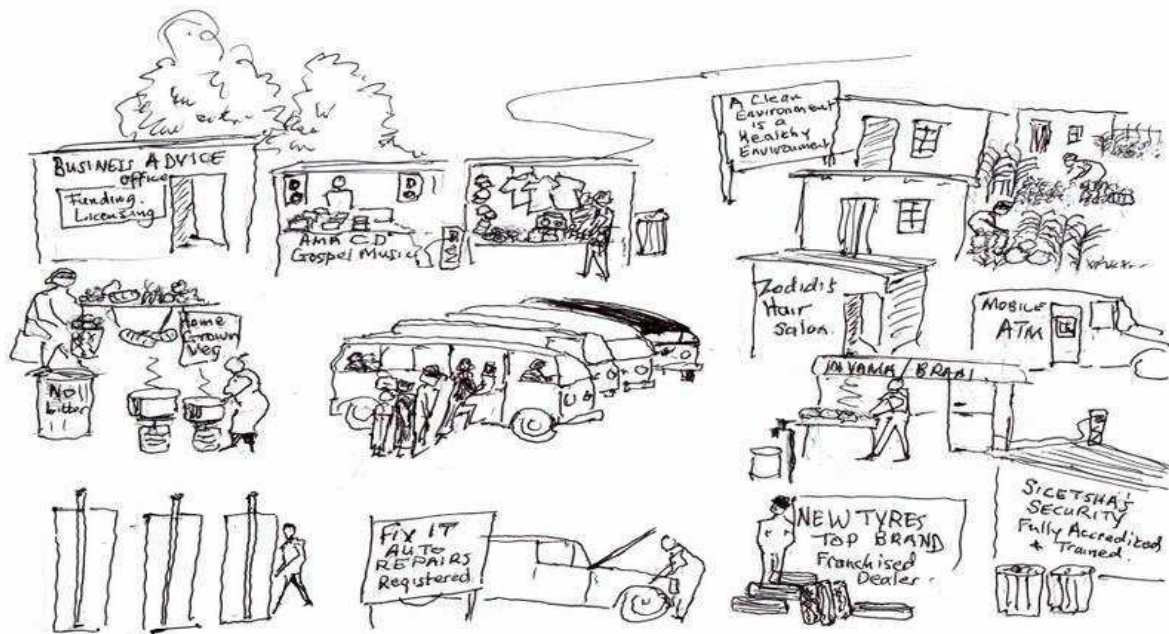
In the 'Unhealthy Market System' the townspeople, hawkers and small businesspeople purchase most of their goods to consume or re-sell from the large retailers and wholesalers in the town. This results in a high leakage of money from the local economy.

The hawkers and small businesses cannot compete with the large firms as they cannot sell for a lower price than they bought the goods. The large firms do not offer the small firms discounts or credit as they do not consider the volumes they purchase significant. The large firms offer the small firms and hawkers 'a calendar' at the end of the year to thank them for their support. The hawkers sell on the pavements, on the streets and at the taxi ranks. They have to compete for space with the pedestrians, other hawkers, taxis and off-loading vehicles.

The pavements and streets are filthy from the litter lying around and there are potholes everywhere. They have no shelter from the heat, cold and rain and no access to public toilets, water and electricity points. People are forced to piss on the streets and pavements, and often the food on sale is handled with dirty hands as there are no taps nearby. This is very unhealthy for the consumers and businesspeople.

Most of the hawkers sell the same thing, which are fruit and vegetables that they have bought in the Malls or from the trucks coming from elsewhere.

The taxis park anywhere and are often in a state of disrepair because of the poor quality of the roads. In fact many people from the rural villages are transported in unsafe and unregistered 'bakkie' taxis as kombi taxis cannot travel on the rural roads. The taxi ranks and pavements are very unsafe as there are 'tsotsi' in the town. There are no ATMs nearby so the hawkers often lose their money to thieves.



**Figure 9 A Healthy Market System**

In contrast to the unhealthy market system, the cartoon in Figure 9 illustrates a 'Healthy Market System'. In this market system, there are strong linkages amongst local firms, money circulates locally, there is a greater level of formalization, and increased local production.

People are growing fruit and vegetables at their homes and then selling them at the market place. There are also factories in the town's Industrial Estate and in newly improved small industrial parks that are producing food, juices, clothes, steel and electronic goods that are being sold in the local market.

Most hawkers have been formally registered at the local business advice office and have received support such as: access to water and electricity, a formal business space, finance, exposure to new business ideas, and, training in how to improve the quality of their products, how to apply for franchises and to get accredited by relevant industry bodies. They are now operating small business and have tripled their monthly income.

They are all involved in different activities so there is less competition amongst them.

The municipality is sending out business licensing inspectors and environmental health officers to monitor the business environment. Rubbish bins have been put in place and refuse is removed by the municipality on a daily basis. This has resulted in a much cleaner and safer environment for people.

Local security firms and the police have made sure that the 'tsotsi' have left town. There are public toilets. There are no 'bakkie' taxis any longer as the roads have been improved and the taxis properly licensed. Presently, Mthatha has an 'unhealthy market system'.

This LED Strategy explains why it is an unhealthy system and provides ideas as to how to make it healthier.

## WHAT IS HAPPENING IN THE MTHATHA MARKET SYSTEM?

### PROCESS TO TEST THE HEALTH OF THE MTHATHA MARKET SYSTEM

The businesspeople that live and work in Mthatha and in Mqanduli are in the best position to comment on the health of the 'Market System'. As a result, the consultant team appointed by the King Sabata Dalindyebo Municipality to develop the MSDP chose to follow a participatory approach to understand what was happening in the town. The consultant team was made up of a number of different specialists focused on different issues such as: infrastructure; housing; the environment; roads and public transport; urban design and planning; urban landscaping; and, the economy.

Each team member collected information and then shared this information with each other and the community to ensure that everyone developed a common understanding of Mthatha. In order to get an in-depth sense of the local economy, the following process was followed: key informant interviews; 5 sector based workshops; a survey of 300 hawkers; plenary workshop sessions; and, focus groups. NAFCOC and the African Hawkers' Association provided huge backup in ensuring excellent participation and buy-in.

The economic sector findings fed into the broader MSDP stakeholder engagement process where participants from other sectors engaged with the issues and provided further input.

All the findings and proposals in this LED Strategy have been workshopped and developed in this stakeholder consultation process. Secondary data sources were used to provide additional information and as a sounding board for the stakeholder input.

### A BRIEF OVERVIEW OF THE MTHATHA TOWN

The Mthatha town has gone through major changes over the past eighteen years. In the early nineties there were three main factors that caused a downturn in the town's economy through the loss of massive public and private sector investment:

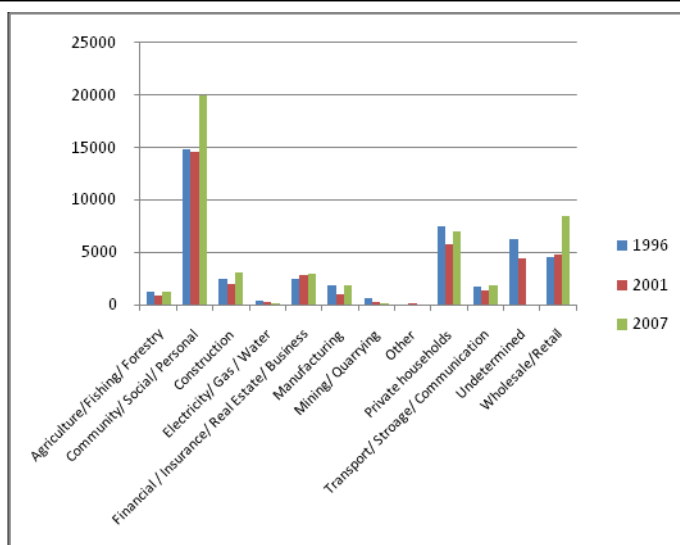
The town lost its 'capital status' as the historical capital of the former Transkei homeland after democracy in 1994;

Government scrapped the Regional Industrial Decentralisation Programme (RIDP), and many of the large manufacturers located in the Vulindlela Estate relocated; and

During the run-up to the 1994 Elections there was a rates boycott in the town that severely crippled the finances of the municipality.

In the last 5 years, however, there is evidence to show that Mthatha's economy is beginning to grow. In 2007 Mthatha had a 4% growth rate compared to an average annual growth rate between 1996 and 2007 of 2.3%. This growth is seen in an increase in employment of certain key sectors as shown in Figure 10.

Figure 10 is based on secondary data but reflects what local businesspeople in Mthatha say is happening in the local economy. All sectors, besides electricity/gas/water are showing positive growth. The sectors that are driving growth in Mthatha are: wholesale/ retail and community/social/personal services (includes government). There has been significant growth in these two sectors between 2001 and 2007. The financial/insurance/real estate and construction sectors have also grown at a reasonable pace. The impact of the current recession on the local economy will need to be monitored as retrenchments in the mining and manufacturing sectors will definitely impact on disposable income and spend within Mthatha.



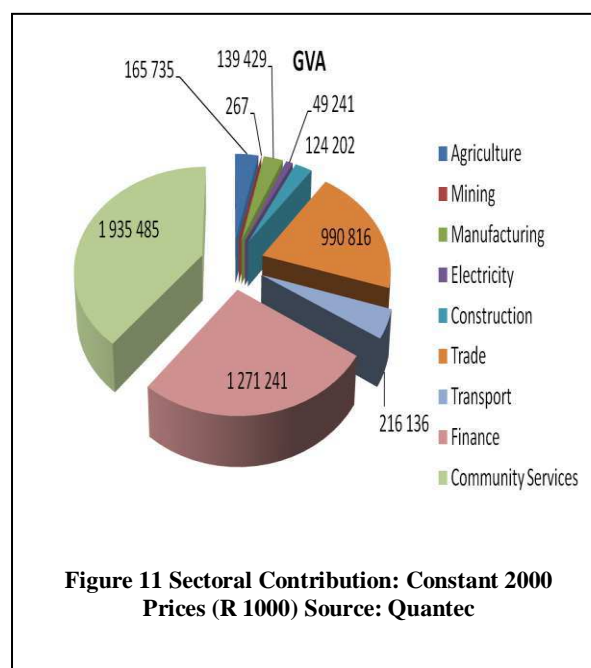
**Figure 10 Employment Trends per Sector in King Sabata Dalindyebo Municipality**

Source: Quantec

Another way of looking at growth in the economy is through measuring which sectors are contributing the most to the wealth generated in the local economy. Figure 4 shows the relative financial contribution of each sector to the local economy.

The sectors contributing the strongest to the wealth created in the Mthatha economy are: community services, finance, and retail and trade. Community services and retail and trade contribute significantly to both employment and wealth creation. Other important sectors for the creation of wealth in the local economy are transport, agriculture, manufacturing and construction. The agricultural contribution is mainly from the timber and related products sub-sector.

What is of concern is that the value-added in the Mthatha economy is very low. The statistics show that the gross value added per individual in the local economy in 2007 was only R 17 403 per annum. This confirms what the local businesspeople have been saying – Mthatha is full of consumers and not producers.



**Figure 11 Sectoral Contribution: Constant 2000 Prices (R 1000) Source: Quantec**



The section below provides a more detailed analysis of what is happening within some of the key sectors (i.e. retail and trade; construction; forestry and timber; transport and finance) driving growth and employment within the Mthatha economy.

This sectoral analysis provides more information of the dynamics and linkages within the local economy. It must be noted that both firms located within Mthatha town and Mqanduli participated in the sector workshops that generated the information represented below. The four key issues addressed in each sector are:

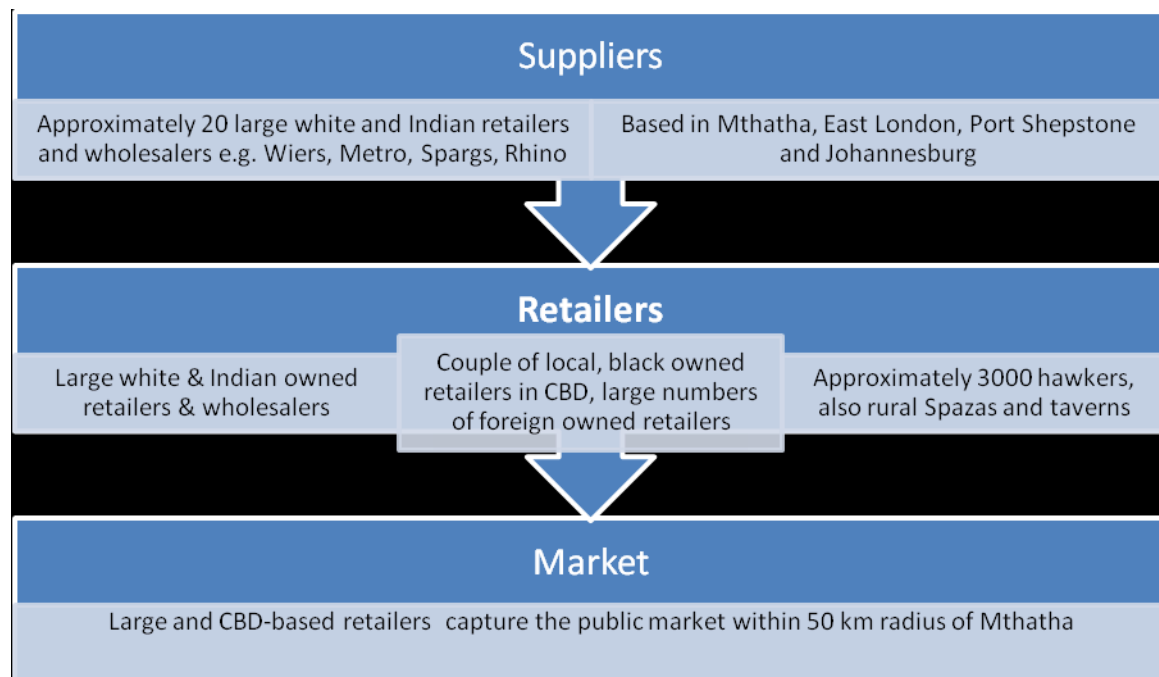
- What is competition like within the sector?
- Who are the main suppliers, where are they located and what is their bargaining power?
- Who are the customers, where are they located and what is their bargaining power?
- Is there a threat of new products and entrants into the sector?

## RETAIL SECTOR

The Mthatha retail sector is driving growth in the town. Many of the large retail branches based in Mthatha are the best performers for their companies in the Eastern Cape. The retail sector is dominated by about 20 large white and Indian-owned retailers and wholesalers. There are a large number of small retailers comprised

of a couple of small, local and black-owned retailers and large numbers of foreign-owned retailers in the Mthatha CBD.

The retail sector includes approximately 3000 informal traders, including rural Spazas and taverns, but mainly street traders in the urban centres of the towns of Mthatha and Mqanduli. Village centres, such as Mqanduli, may offer a couple of national chains, such as Spar and Pep Stores, a few general dealers, clothing retailers, liquor and cell phone outlets in addition to services such as funeral, transport and pension pay point services and these goods and services are often regarded as even more expensive than in Mthatha town. The Figure below provides a brief illustration of the retail sector.



The large national retailers and wholesalers supply the small and micro firms within the town. The wholesalers, in particular, entice the small and micro firms with credit and some of the firms have complained that they end up as 'dummies'. This dependence on wholesalers and retailers results in massive financial leakage from the local economy as profits are removed to national head offices located outside of Mthatha.



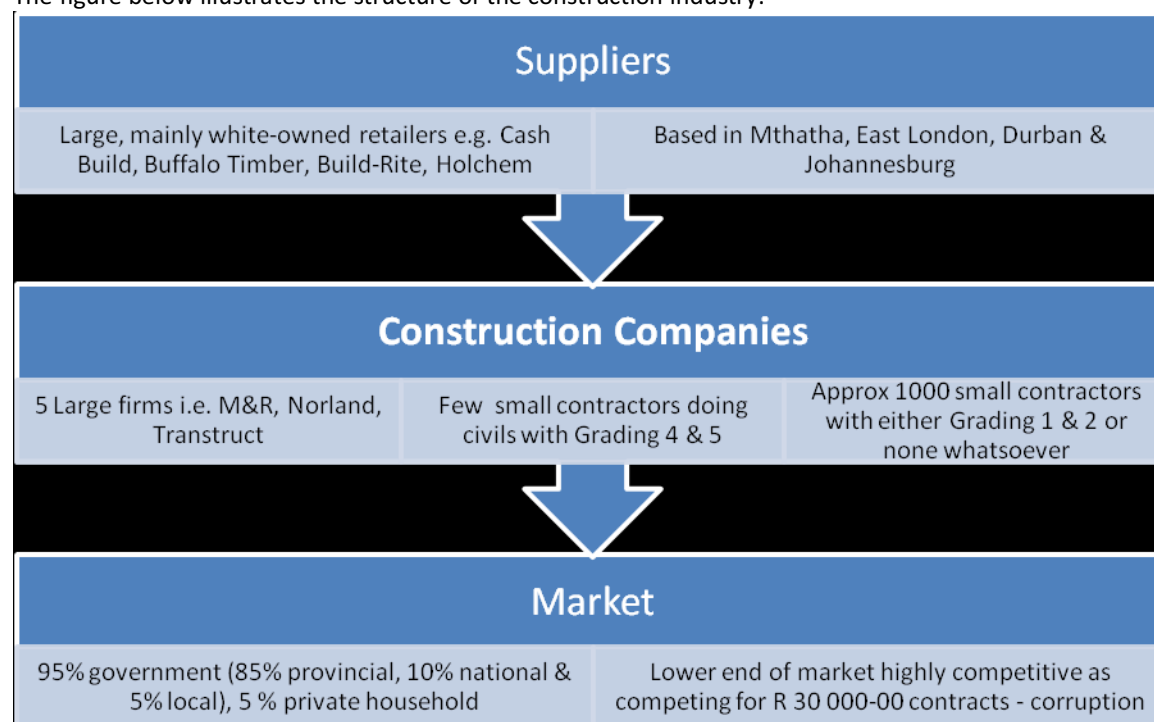
This dependence by small firms on the large retailers and wholesalers is further entrenched as there are no local producers or manufacturers that are able to supply SMMs directly. Some of the small retailers also source from suppliers in East London, Port Shepstone and Johannesburg. Foreign-owned firms are most likely to source from places such as Dragon and China City in Johannesburg.

The large and small retailers within Mthatha service a market within a 50 kilometre radius of the town. Mthatha-based retailers are seen to compete with rural and village-based retailers. Mthatha has the reputation of being a 'most expensive place to shop'. Consumers complain that variety is limited, stock is not always available, and of being forced to accept 'fifth grade' quality.

It is extremely difficult, if not impossible, for small retailers to compete with the large retailers. This makes the success of foreign owned firms in the retail market particularly impressive and important to extract lessons from. These firms are known to network extensively and undertake co-operative buying, transportation and marketing. A number of them share business premises and it is not uncommon for three or more businesses to operate within a single space. Other foreign firms compete through servicing particular niche markets, such as offering one-stop shops for traditional ceremonies like weddings, engagements, initiation, funerals and graduations. Some local-owned firms allege that some foreign-owned firms compete through illegal activities such as money laundering.

## CONSTRUCTION SECTOR

The figure below illustrates the structure of the construction industry:



The sector is made up of approximately five large Grade 9 and 10 firms, a few small contractors graded 4 & 5 and about 1000 small contractors either ungraded or at levels 1 & 2. It is clear that the playing fields within the sector are not level. The small firms with grading levels of 1 & 2 cannot compete with the large firms and are forced to compete against each other.

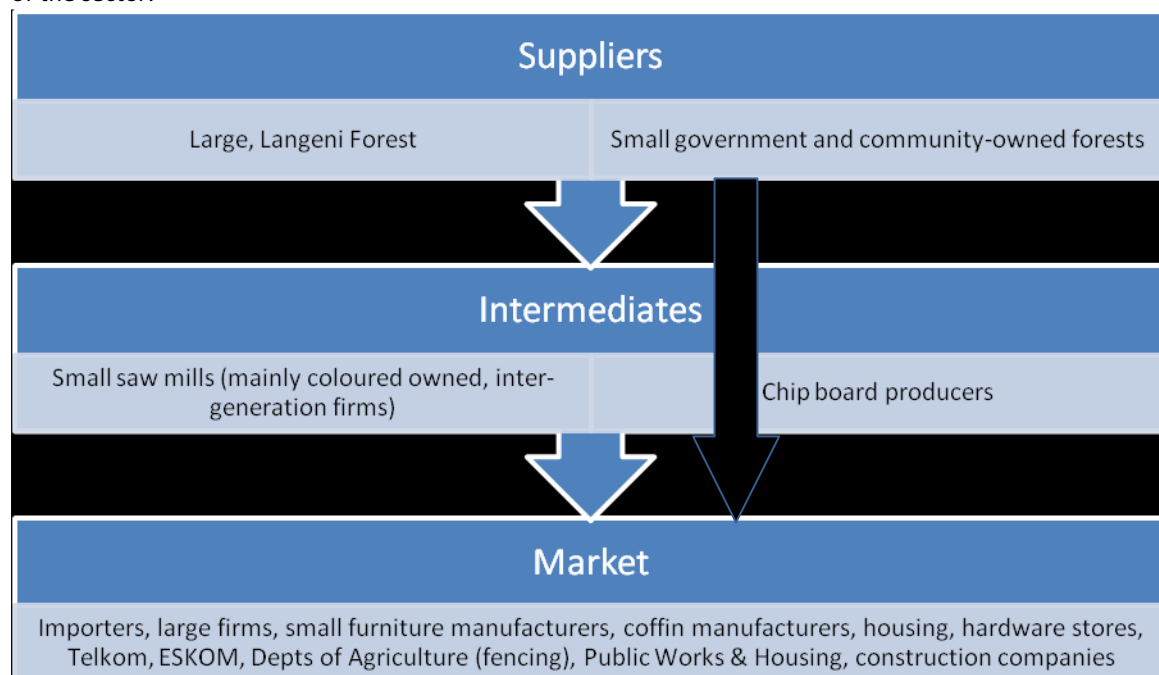
They compete at the lowest end of the market for R 30 000 and under contracts. 95% of their market is government as the private household market is small. Competition in the lowest end of the market is intense and these firms acknowledge that the only way they win government tenders is through bribery.

These small contractors have no bargaining power with the large suppliers and cannot negotiate credit – they need to pay with cash in hand. They also lack bargaining power with their customers and often have to wait between 60 and 120 days for payment. Many experience major cash flow problems owing to the squeeze between their demand for payment from suppliers and workers and the delayed payment of customers. There is very little mobility within the sector, with the majority of small contractors locked into the lower end of the market, unable to progress owing largely to a lack of business support and finance.

The construction sector is a growing sector within Mthatha owing to the retail boom and transport infrastructure investment within the local economy. Whilst the five large firms at the top end of the market reap the benefits of this boom, the small firms are excluded. There is very little evidence of sub-contracting relationships or partnerships between large and small contractors within Mthatha. Some of the small contractors maintain that the Construction Industry Development Board (CIDB) grading system has excluded them from participating in the formal construction industry. They argue that the grading is focused more on financial security than construction industry skills.

## FORESTRY AND TIMBER-RELATED PRODUCTS SECTOR

The forestry and timber industry is dominated by the large Langeni Forest. There are 30 000ha of forestry plantations (mainly around Langeni and Ntabankulu). In addition, there are a handful of government and community forests. There is estimated to be another 50 000 ha suitable for forestry within the OR Tambo district. Whilst the forests are outside of Mthatha town, although surrounding Mqanduli, the markets in the timber-related products sectors are often located within the towns. The figure below illustrates the structure of the sector:



The forests supply a diverse market owing to a wide product range that spans government, parastatals and private companies. The small firms in the sector are mainly small furniture and coffin manufacturers' dependent on the forests for supplies.

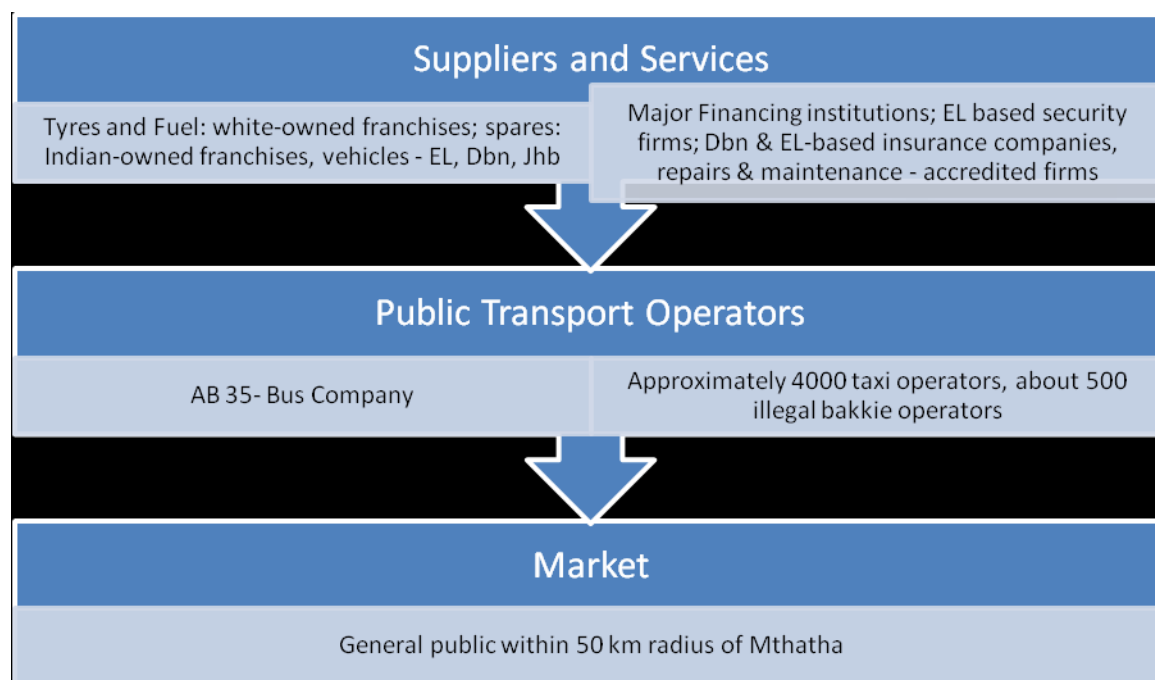
The small firms battle to compete in the market with large retailers selling 'imported' goods within the town. They also have limited bargaining power with the Langeni Forest and are often overlooked in favour of the large firms and government departments making their supplies unreliable. The presence of the Langeni forest provides significant opportunity for timber-related product industries to be explored based on 'take-off' and supply agreements.

## TRANSPORT SECTOR

The transport sector is a growing sector contributing increasingly to employment and GGP. The operational side of the public transport sector in Mthatha is highly competitive. The operators consist of the newly formed AB 350 Bus Company and the large taxi industry constituted of about 4000 registered taxi operators and 500 illegal 'bakkie' taxi operators. They all operate within a 50 km radius of Mthatha town.

There is a strong perception within the industry that there is unfair competition between the taxi and bus operators owing to the government subsidies provided to the latter. The establishment of the new AB 350 Bus Company in the Eastern Cape through the amalgamation of public and independent bus operators has also involved a massive capital subsidy. Buses are seen to compete with taxis in terms of price and their ability to travel on roads in a poor condition. Taxis are regarded as more flexible than buses as they are not restricted by a time schedule. The large number of taxis operating in the same market has resulted in intense, and sometimes violent, competition. Taxi fleets vary between one and 11 taxis making this sector appear to have relative low barriers to entry thereby continuously attracting new entrants.

To date, black owned transport businesses have focused solely on the operational side of the industry. The higher value-adding activities in the industry in the form of supplies and services are mainly Indian and white-owned franchises. There is no local vehicle supplier, and services such as insurance and repairs and maintenance are East London and Durban-based. Local panel beaters, for example, lack the required accreditation by national insurance companies. (See Figure below).



The taxi industry alleged that the recapitalization programme has placed them at a disadvantage as the vehicle specifications have changed and the quality of the new vehicles has been poor. All public transport operators are negatively impacted by the shocking condition of rural roads. The poor state of the roads is breeding an 'illegal' component to the taxi industry as unregistered and unregulated bakkie-taxis transport desperate rural residents. This reality is deliberately overlooked by provincial government as there is no immediate alternative.

## FINANCE SECTOR

The finance sector is growing in Mthatha with the largest banks in town being MEEG Bank, soon to be taken over by ABSA, African Bank and TEBA Bank. The strong performance of these banks is illustrated in that the First National Bank branch in Mthatha is the best performing branch in the Eastern Cape. In addition, the TEBA Mthatha branch accounts for about 75% of the bank's national business. It services approximately 15 000 mine workers and their families monthly, and this number increases to 20 000 during the December vacation period. TEBA has indicated that their property investment in Mthatha is constrained by the complex property and land market within the town as they have been unable to expand or find alternative premises.

Many of the SMMEs complained of their inability to access the formal banking sector. Consequently, many are forced to borrow from informal lenders that charge exorbitant interest rates. This traps many SMMEs into debt. There is a clear market opportunity for the establishment of savings and credit unions and even a Co-Operative Bank within Mthatha.

## INFORMAL SECTOR

The informal sector within Mthatha is significant in terms of numbers, hosting approximately 3000 traders, but not as a stepping stone into the formal economy. 98% of hawkers are African and 84% women. 53% of hawkers have been in their business for five years or longer, and 81% for two years or more. 61% earn less than R 500-00 and 90% less than R 1000-00 per month from the business.

The sector is not generating jobs with a current ratio of 0.5 workers per firm. Whilst hawkers indicate that they enter the informal sector in order to survive, these statistics point to the fact that the Mthatha informal sector is to a large extent a poverty trap. Activities taking place within the informal sector are presented in the pie chart below:

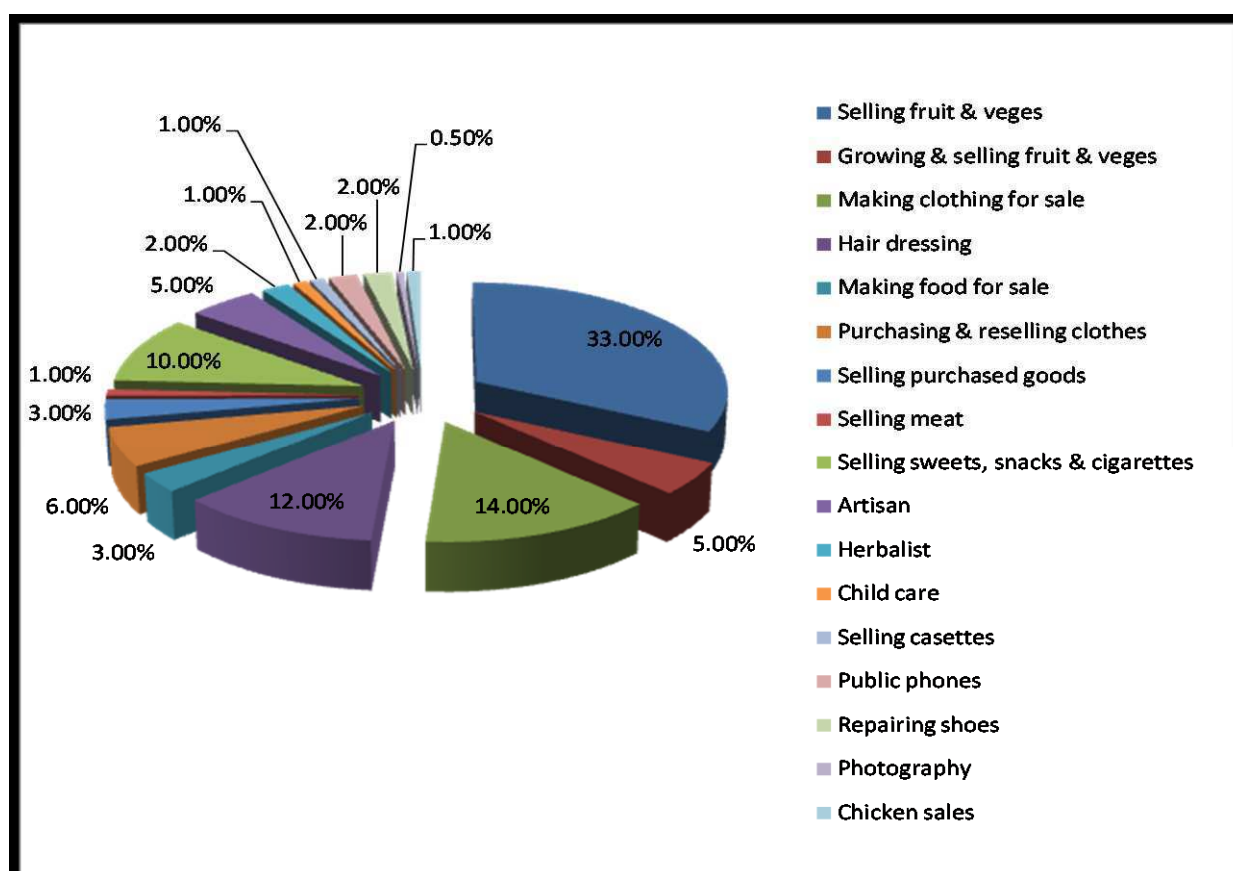


Figure 12 Percentage of Participation of Hawkers in Different Economic Activities within Mthatha, 2008 Business Survey

Although there are a large number of activities taking place there are worrying trends within the sector:

- There is relatively little innovation within the sector with 33% of hawkers engaged in the activity of re-selling fruit and vegetables;
- There is very little value-add happening in the sector, with only 5% of hawkers growing their own fruit and vegetables for sale and only 14% making clothing for sale. Most hawkers are engaged in retail activities;
- There is a slow response to market opportunities, for example only 1% of hawkers are engaging in chicken sales, despite the fact that this is a lucrative market with the selling price of a live chicken being anything from R 75 upwards;

There is a concentration of hawkers within the low income activities and no evidence of migration of hawkers to the higher income activities within the sector; and

There is a distinct gender division between the kinds of activities undertaken within the sector, with men highly represented as photographers, herbalists and artisans, and women retailing goods.

The hawkers tend to purchase their selling-wares from Mthatha-based wholesalers and retailers. Their suppliers do not provide credit and yet they, on the other hand, are pressured into offering customers credit. A skeptical comment by some of the hawkers was that all they receive from their suppliers at the end of the year was 'a calendar or sweets'. 'We are being fooled', they said.

70% of hawkers operate from Mthatha pavements, streets and taxi ranks. Only 6% operate from a formal market or small business centre. A further 10% operate from a home. The remaining hawkers are located at the bus ranks and schools. The graph below illustrates the number of responses received per major challenge identified by the hawkers. A lack of finance; a place to sell or work from; training and business support emerged as the strongest hawker concerns.

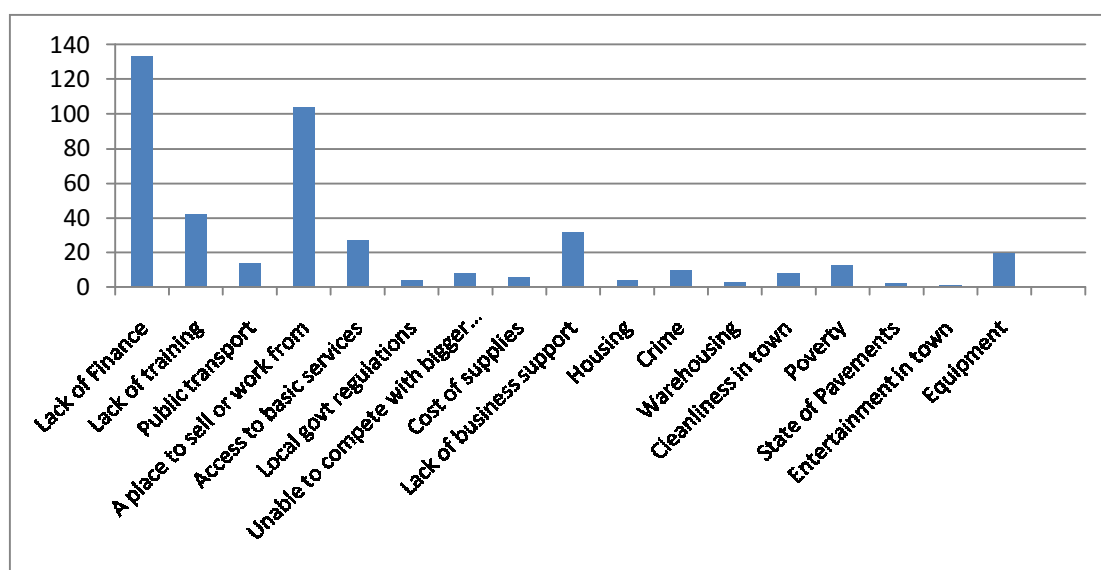
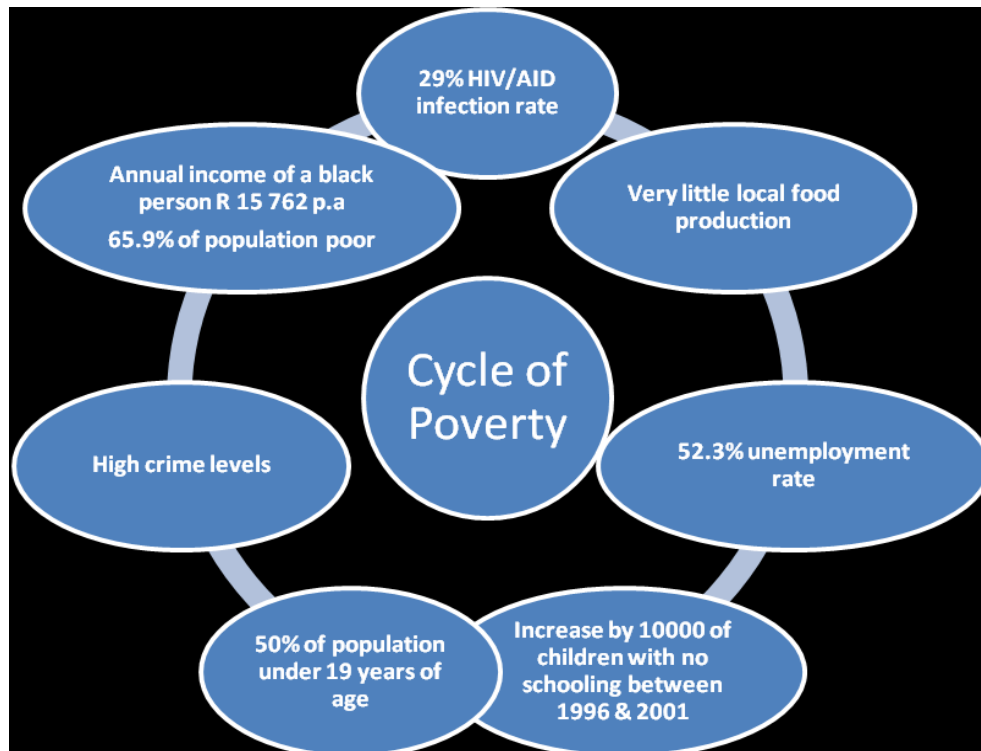


Figure 13 Number of Responses received by Hawkers regarding the Challenges they Face, Business Survey 2008

Despite the visibility and large numbers of hawkers in Mthatha, they are trapped in the informal sector without support. Out of 150 survey responses only 27 hawkers reported receiving once-off business support from either local government or a small business support agency. 15 of the 27 hawkers had received their support from the King Sabata Dalindyebo Municipality. There is very little business co-operation amongst the hawkers, although 38% belong to the African Hawkers' Association.

## SOCIAL TRENDS

The analysis of the Mthatha economy presented above shows that while there is evidence that growth is happening in Mthatha it is not benefitting the thousands of small, locally-owned firms and hawkers. This reality is also reflected in social statistics for the town. The diagram below highlights the reality for the majority of people living in Mthatha:



**Figure 14 Socio-economic statistics for Mthatha (Source: Quantec, Stats SA & DoH AnteNatal Survey, 2006)**

There is a 52.3% unemployment rate with the average annual income of a black person being R 15 762 per annum. 65.9% of the population live under the poverty line. Mthatha is currently experiencing a 0.7% annual population growth rate (Source: Quantec), driven primarily through natural growth. The population is youthful with 50% of the population under 19 years of age. The fact that the majority of people in Mthatha is poor and unemployed is a serious problem. No local economy or 'market system' is sustainable with so many people unproductive and dependent on others. Such a market system breeds crime and discontent as people struggle to survive.

Furthermore, the quality of Mthatha's social services is poor. There is also very limited evidence of social corporate investment by the large firms in the local economy. The communities raised a large number of concerns during the engagements regarding the MSDP, such as:

- Insufficient clinics for the numbers of people requiring a service;
- The lack of emergency services within the town;
- 24 hour clinics locked up at night owing to crime;
- Lack of space in the Psychiatric Hospital;
- High HIV/AIDs and TB infection rates – people battling to get grants and unable to take medication as they are hungry;
- Rural health services are of such a poor standard that rural dwellers come to town for care;
- A lack of places of care for orphans on the streets;
- A lack of facilities for the elderly to socialize and exercise;
- A lack of facilities and care for the disabled;
- Unregistered ECD facilities offering poor quality of care:

- Vandalism of public facilities;
- Shortage of government secondary schools;
- Poor quality of education offered by public schools and further education institutions;
- High levels of substance abuse and a lack of support programmes; and
- A lack of youth facilities.

A poor social environment discourages investment. It does not create a healthy and safe environment to nurture a productive workforce. It cannot attract the required skills as highly skilled people are mobile and generally choose to live in more secure and better serviced environments. This is discussed in more detail in the section below that addresses key constraints to growth and development within Mthatha.

## SUMMARY OF OVERVIEWS

The above sections have provided an overview of the Mthatha economy and have highlighted the real challenges of inequality and survival and the vast divide between large, small and micro firms in the town. It is obvious that the current growth path and level is not sufficiently reducing poverty and unemployment nor creating opportunities for real participation of SMMEs in the local economy. There are a number of critical obstacles that if unblocked would stimulate growth and economic participation. The next sections address the following questions:

1. What is blocking economic growth and participation in Mthatha?
2. How can the benefits of growth and development be better shared in Mthatha amongst all business types and within the community?
3. How can growth be more sustainable in Mthatha?

## WHAT IS BLOCKING ECONOMIC GROWTH AND PARTICIPATION IN MTHATHA?

There are five major blockages to economic growth and participation in Mthatha, namely: land and property issues; critical bulk infrastructure constraints; poor quality social services; weak institutions; and, structural constraints. If these blockages were removed, there is now doubt that investment and participation in the local economy would escalate. Both the public and private sector have responsibility for and the means to address these constraints.

## LAND AND PROPERTY ISSUES

The current land and property market within Mthatha is not conducive to public or private sector investment owing to:

- A split in responsibility for state-owned land management between the Departments of Public Works and Land Affairs resulting in delayed decision-making;
- The prolonged process of acquisition of state-owned land that discourages private investors;
- The slow conveyance processes;
- The split in land and property ownership for the same land parcels, for example, there are many instances where the municipality owns the land and the ECDC owns the buildings. This inhibits private sector financing of developments on these land parcels;
- The 'landlocked' nature of the town as it is surrounded by communal owned land and the lack of consultation by government with traditional leaders and communities regarding proposed developments;



- Unresolved land claims and the lack of an updated database;
- Shortage of industrial and commercial space;
- Exorbitantly high market property rentals; and
- The lack of a proper land audit and the lack of certainty over land ownership.

These issues block economic development within the town as they scare away investors. Most of these issues are within the control of government to resolve.

## SEVERE INFRASTRUCTURE CONSTRAINS

Economic development in Mthatha can only happen if there is sufficient bulk infrastructure capacity to sustain it. This means that there must be sufficient roads, water, sewer and electricity capacity. If there is not the required capacity, businesses will not invest in the town or will leave the town as a result of unreliable service delivery. Businesses require other forms of infrastructure, such as: parking, housing, spaces to trade like

'hawker malls', industrial parks and commercial zones, and, communications infrastructure.

Mthatha has some infrastructure advantages, such as:

- Excellent road links through the N2 and R 61;
- Reconstruction of the Kei Rail;
- Expansion of the Mthatha airport; and
- A new electricity substation and a non-operational hydro-electrical scheme that offers excess capacity.

However, there are serious infrastructure constraints that are blocking further investment in the town. These problems are discussed in much greater detail in the MSDP. In this LED Strategy we will simply list some of the major problems as the market system cannot work if they are not addressed. These are:

- The collapse of the bulk sanitation system through a lack of maintenance and failure to expand capacity;
- The devastation of the Mthatha river through direct sewer run-off and solid waste disposal;
- The lack of an effective solid waste management system evident in the rubbish lying around everywhere;
- The competition for the pavements amongst the hawkers; pedestrians, taxis and delivery vehicles;
- The regular and inexplicable power failures within the town;
- The ongoing sewer spills in the streets; and
- The poor state of the roads and pavements.





## POOR QUALITY SOCIAL SERVICES

People are not being attracted to live in Mthatha from other areas. People normally choose to live in areas where there are jobs and where there are quality social services. This means that there should be quality hospitals, clinics, early childhood development centres, schools, tertiary institutions, libraries, museums, recreational spaces, sporting facilities, play parks, access to social workers and support groups. People also like to live in places with low crime levels.

Poor social services discourage investment in the town as people choose not to invest in, live in, study in, holiday, or retire in a place where they feel insecure or uncared for. Simply through improving the quality and availability of social services, further growth will be stimulated within Mthatha.

## WEAK INSTITUTIONS

There is complete institutional failure within Mthatha. Government service delivery failure is across the spectrum - from basic service delivery, land and property management, bulk infrastructure capacity and maintenance, development application processes, regulation, housing, to business licensing and registration. Government development agencies, such as the ECDC, which often acts as a frustrated landlord rather than an entrepreneurial developer, and ICATU, which is meant to promote new technologies in agriculture, are failing. SEDA is allegedly offering limited services, focusing primarily on business plan preparation. The Umsobomvu Youth Fund recently closed its doors in Mthatha. There are also complaints of unilateral actions by the OR Tambo district's Ntinga Development Agency by the business sector.

Training institutions, such as the Walter Sisulu University and locally-based FET colleges, produce large numbers of graduates with uncompetitive qualifications.

Public facilities in the town, such as museums, libraries and tourism information offices are not performing at their optimum. The Nelson Mandela Museum, for example, is one of the few competitive advantages of the town but is not yet been adequately appreciated in terms of the KSD municipality's IDP or vision for the town. There are some recent positive signs that this is changing, however, with the appointment of consultants to develop the Nelson Mandela Cultural Precinct. Libraries are regarded globally as the 'University of the Poor', yet the Mthatha library is under-resourced, utilized and marketed.

The relationship between government and the traditional leadership within Mthatha appears strained owing to both land and political tensions. The Mthatha town encroaches on traditional land and land claims appear to be a well-utilised resistance form. There is an ongoing tension between some elected councilors and traditional leaders with the latter accusing the former of a lack of respect.

The business associations represented in Mthatha, such as NAFCOC, the Taxi Associations and the African Hawkers' Association are active and participated extremely effectively in the MSDP process but appear to lack the capacity to play strong and sustained lobbying, support, information sharing and networking roles.

In addition to weak public and private sector capacity, there is also evidence of a weak civil society. The fact that Mthatha has reached its present stage of service delivery and institutional failure is a definite indicator that civil society is not holding government accountable or strong enough to fill in some of the gaps, especially in social services. The highly politicized environment within Mthatha may militate against a strong, independent social movement.

There is very little networking and communication links amongst institutions within Mthatha. This is an indicator of the low levels of social trust and capital within the town.

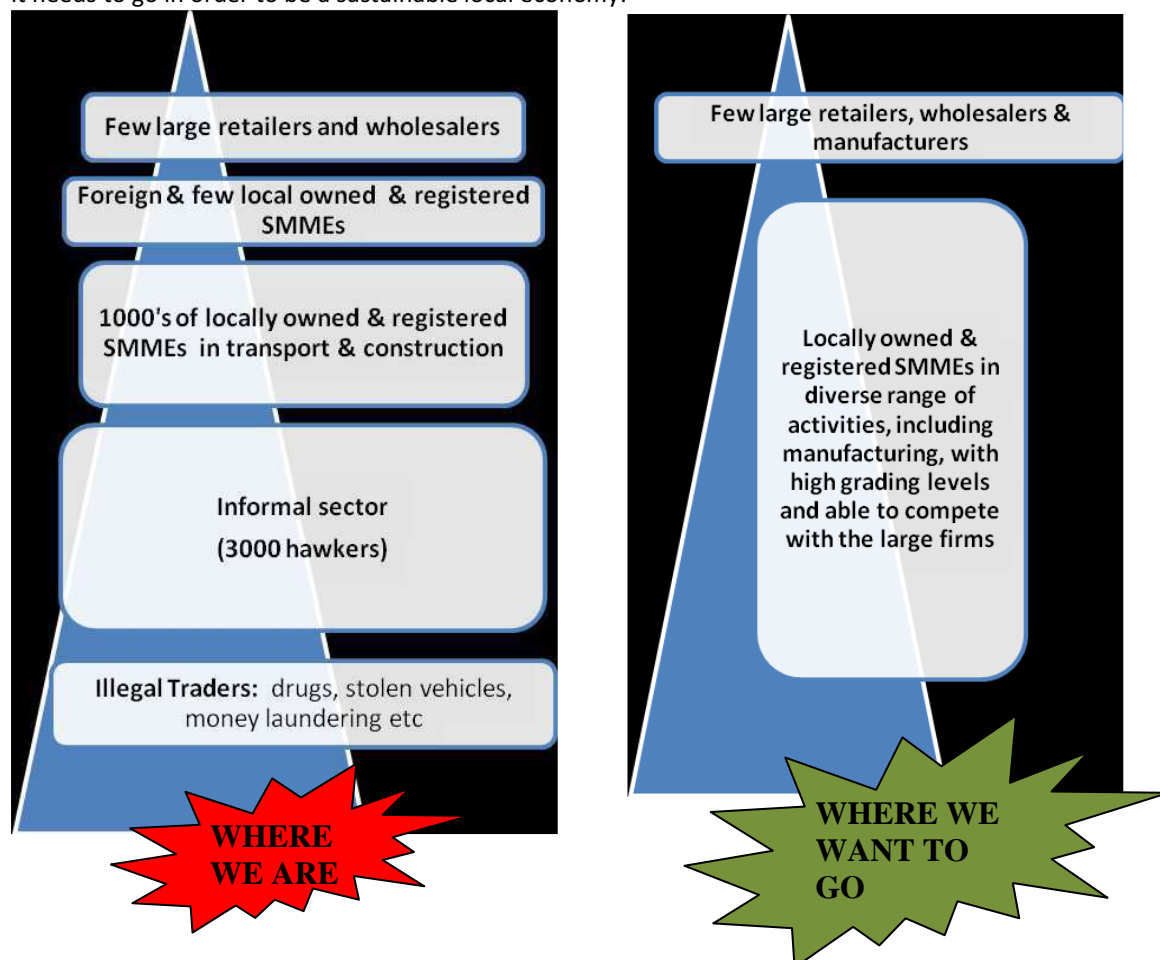
Any sustainable economic turnaround strategy for Mthatha must address the institutional environment for the town. Strengthening institutions through providing strong leadership, clear vision, more focus, greater efficiencies and increased skills could unlock huge economic and social potential.

## STRUCTURAL CONSTRAINTS TO GROWTH AND PARTICIPATION

The current structure of the Mthatha local economy is one that traps the majority of businesses in a cycle of poverty, corruption and crime and allows only a few firms to benefit and grow. The perpetuation of this structure results in a downward spiral for the local economy as businesses compete against each other for mere survival.

The aim would be to change the structure of the pyramid through focusing extensive support on the informal firms and the SMMEs in order for them to become increasingly competitive on the basis of positive factors such as: registration, accreditation, grading, franchising, product development, co-operation and networking, innovation and accessibility. This will encourage new investment in the local economy by firms and growth will be driven in a more sustainable manner.

The challenge for the Mthatha economy is, therefore, to fundamentally change the current structure of the economy. This is illustrated in the figure below, which shows where Mthatha is at the moment and where it needs to go in order to be a sustainable local economy:



## SUMMARY OF BARRIERS

It is clear that massive growth potential could be unlocked through:

- Addressing Land and Property Issues;
- Addressing bulk infrastructure constraints;
- Improving the quality and accessibility of social services;
- Improving the quality of institutions within Mthatha; and
- Fundamentally altering the structure of the Mthatha economy.

## STRATEGIES FOR A SUSTAINABLE MTHATHA

Besides addressing the five major obstacles to development of the Mthatha town, there are other generic and sector-specific strategies that need to be implemented in order to make the Mthatha 'market system' sustainable. These strategies need to be developed with an awareness of the comparative and competitive advantages of the town, and of the external environment in which economic development will take place.

### TAKING ADVANTAGE OF THE COMPARATIVE AND COMPETITIVE ADVANTAGES OF MTHATHA

Mthatha has real comparative and competitive advantages that should be focused on in order to build the competitiveness of the region.

#### Comparative Advantages

Accessibility and Transport Linkages  
Abundant local labour  
Climate  
Land availability  
Green spaces  
Mthatha River  
People and skills  
Mine worker revenue  
Airport  
Investor demands

#### Competitive Advantages

Centrality – large service area of 1.5 million people  
Nelson Mandela Museum  
Gateway to the Wild Coast  
Walter Sisulu University

Mthatha's comparative advantages provide a strong basis for improved economic performance. Mthatha has strong transport linkages, with the N2 link, railway line and the airport, making it an accessible town. It has excellent natural resources in terms of land availability, the good quality of the soil, the Mthatha River and the climate. It has a large local market offering spending power, abundant labour and skills.

Mthatha also has some clear competitive advantages. It has a large service area given its location and distance from other major economic centres. The Nelson Mandela legacy in the town and surroundings and the Nelson Mandela Museum offer a unique selling point to the town. Mthatha and Mqanduli are situated as the 'Gateways' to the magnificent Wild Coast and this could be more strongly marketed to the towns' advantage. Lastly, Mthatha hosts a branch of the Walter Sisulu University, which could be a major competitive advantage if there was a stronger university-business link.

All informal survivalist and semi-formal businesses within in the urban areas will be registered and monitored until they formally operate within the local economy

### UNDERSTANDING THE EXTERNAL ENVIRONMENT

The stakeholder engagement process undertaken in Mthatha for the development of the MSDP identified a large number of interventions that were required if Mthatha was to become sustainable.

However, development in Mthatha does not happen in a vacuum. There are a large number of national, provincial and local policies and programmes that will have an impact on development in the town and could be accessed to support new initiatives identified within the MSDP.

Understanding this external environment is extremely important as the interventions that are implemented in Mthatha must take into account both opportunities and constraints presented by this broader reality. Some of the most critical policies and programmes are highlighted in the series of tables below:

RELEVANT NATIONAL POLICIES AND PROGRAMMES	
<b>Accelerated and Shared Growth Initiative South Africa</b>	ASGISA sets national growth targets to improve the business environment, create labour-intensive business opportunities and reduce inequalities. The 6 foci are: infrastructure investment; industrial strategies; skills and education initiatives; second economy interventions; macro-economic policies; and, public administration.
<b>National Industrial Policy Framework</b>	Identifies tourism and forestry, pulp, paper and furniture as 'lead sectors'. DWAF has mobilised forestry sector stakeholders in the Eastern Cape as part of the NIPF.
<b>BBBEE</b>	The BBBEE Act, No 53 of 2003 sets the framework for the transformation of industries and sectors in the South African economy.
<b>Microeconomic Reform Strategy (MERS)</b>	The MERS (2002 – 2014) has six performance areas: growth, competitiveness, employment, small business development, BBBEE, and, geographical spread of activity. Agriculture, tourism, ICT, cultural industries, and export sectors such as minerals and metals, clothing and textiles, automobiles, & agro-processing are targeted for support.
<b>Integrated Manufacturing Strategy</b>	Addresses issues of: competitiveness, customized support to different value chains, broad-based support measures, stimulation of technological upgrading, and, innovation.
<b>National Skills Strategy (NSDS)</b>	Addresses the performance of the Sector Education and Skills Authorities and projects funded under the National Skills Fund.
<b>Industrial Development Corporation</b>	Its Strategic Business Unit (SBU) offers financial instruments in sectors such as: textiles & clothing; tourism; township & rural hospital scheme; food, beverage and agro industries; metal, transport & machinery products; and wood, paper and other industries.
<b>National Department of Agriculture</b>	Champions the Strategic Plan for South African Agriculture (2001) focused on: safety and security; land redistribution; empowerment; market development; rural financial services; environmental degradation; and, water availability and access.
<b>Agricultural Research Council</b>	Offers a Livestock Improvement Project that targets sheep and cattle farmers. The four objectives are to: sustain natural resources by reducing overgrazing; introduce higher grades of breeding animals; improve animal health; and, farm management.
<b>Small Enterprise Development Agencies (SEDA)</b>	Provides financial and non- financial support to small enterprises. SEDA has consolidated the Business Referral and Information Network (BRAIN), Franchise Advice and Information Network (FRAIN) and Manufacturing Advisory Programme (MAC).
<b>Integrated Sustainable Rural Development Node (ISRDP)</b>	The OR Tambo district is an ISRDP node. ISRDP nodes are targeted to receive co-ordinated, inter-departmental support from government to address critical development challenges. The National Business Trust and Independent Development Trust have partnered government in targeting business support in ISRDP nodes.
<b>Urban Renewal Programme</b>	The National Treasury's Neighbourhood Partnership Development Grant has been accessed for the urban upgrade of Ngangelizwe in Mthatha.
<b>Department of Environment and Tourism</b>	Offers a number of relevant programmes, such as: Working for Tourism, Working for the Coast, Working on Waste, and the Sustainable Land-Based Livelihoods programmes.
<b>Comprehensive Agricultural Support Programme (CASP)</b>	Offers grant funding for the provision of infrastructure such as: irrigation equipment, dams, poultry (piggery houses) and, links to veterinary services.
<b>Women in Business and Women in Construction</b>	Institutions that are focused on promoting innovation amongst women SMMEs using technology and promoting PPPs.
<b>SMME Financing Schemes</b>	These include the Khula and Ntsika financing institutions established through the DTI to provide accessible financing instruments to SMMEs

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**RELEVANT PROVINCIAL POLICIES AND PROGRAMMES**


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<b>Provincial Growth and Development Strategy</b>	The PGDS has three main pillars: transformation of the agrarian economy and strengthening of household food security; systematic poverty eradication; and the consolidation, development and diversification of manufacturing and tourism. These pillars are to be underpinned by: public sector and institutional transformation, human resource development and infrastructure development.
<b>Eastern Cape Development Corporation (ECDC)</b>	The ECDC has the following units: Enterprise Development Services for Arts and Crafts and contractor development; Enterprise Finance supporting SMMEs mainly in the construction, agro-processing, commerce, tourism, manufacturing and services sectors. Project Development offers loans for business plans and pilot projects and provides non-financial support such as facilitation and advice. Property Management and Development rent out commercial and industrial stock at competitive prices and run a comprehensive property database. Spatial Programmes facilitate: tourism cluster developments in Port St Johns; timber processing; mining and minerals related projects; coastal programmes and critical infrastructure planning.
<b>Department of Public Works</b>	Provides: short-term jobs, training and bursaries to young people, rolls out a 40 000 jobs EPWP, and a construction industry development programme.
<b>Department of Agriculture</b>	Programmes aimed at: land redistribution; comprehensive small farmer support; subsistence food production; improving vibrancy and competitiveness of the agricultural sector; promoting linkages and partnerships between small farmers and commercial enterprises; supporting the development of rural market institutions such as co-operatives; small-holder associations; ensuring democratization of customary land; and accelerating provision of rural infrastructure. Relevant new programmes are: Massive Food; Siyazondla Homestead Food Production; Integrated Agricultural Infrastructure; and Comprehensive Nutrition. The department has a spatial focus on: the N2 area; the Ugie-Maclear-Mthatha Development Zone; the Agro-Processing and Bio-Ethanol Zone; and, the Mzimvubu Basin Development Zone.
<b>Department of Economic Development and Environment Affairs</b>	Registered ASGI-SA Eastern Cape Pty(Ltd) as an SPV to undertake two MEGA projects – the Mzimvubu Development Zone and the Forestry and Timber Expansion Project. Also investigating Business Process Outsourcing possibilities and mobilizing support for a furniture incubator and call centre in Mthatha. Launched a Tourism Partnership Fund to develop emerging tourism entrepreneurs.
<b>Social Sector Departments: Education, Health and Social Development</b>	Bulk of spending of the Departments of Education, Health and Social Development and DSD in the current MTEF cycle has been on rehabilitation and upgrading of infrastructure. Per capita infrastructure spend in the OR Tambo District for education, health and social infrastructure is R 405, R 309 and R 9 respectively.
<b>Mzimvubu Development Zone ASGISA (EC) Integrated Cropping &amp; Biofuel Development</b>	Will maximize the water resources of the Mzimvubu River and its tributaries through the construction of a dam, hydro power unit and a water transfer system to the Xhariep Dam on the Orange River. It will place over 300 000 ha of land under food cultivation and bio fuel crops. This will stimulate downstream investments in storage, warehousing, processing, marketing and distribution. The Mthatha, Lusikisiki and Port St Johns axis will require considerable urban planning and development to support this growth.
<b>Forestry and Timber Expansion Project</b>	Target of developing 100 000ha of new forest in the eastern region of the province.
<b>Provincial Bio-Diversity Strategy</b>	Assists in decision-making in relation to nature reserves in the province, including those managed by municipalities.
<b>Furniture Technology Incubator</b>	DTI is collaborating with SEDA'S Technology programme, the ECDC and the provincial government to establish furniture technology incubators.
<b>Livestock production support</b>	The South African Meat Industry Company (SAMIC), the National Emergent Red Meat Producers' Organisation (NERPO), and the USAID Promoting Agribusinesses Linkages (PAL) project has been promoting livestock marketing in the Eastern Cape.
<b>Thina Sinako</b>	Thina Sinako provides the following grant funds:

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<b>Provincial LED Support Programme</b>	<ul style="list-style-type: none"> <li>Local Government Support Fund (LGSF)</li> <li>Local Competitiveness Fund (LCF)</li> <li>Financial Innovation Fund (FIF)</li> </ul>
<b>Kei Development Corridor</b>	Stretches from East London to Mthatha and provides a vital transport link for new investors in the East London Industrial Development Zone (IDZ). It is intended to stimulate economic activity and provide improved transportation options and associated infrastructure investment. Kei Rail is part of this initiative. It also focuses on poverty alleviation through targeted sector development in agriculture, tourism, manufacturing and transport.
<b>Wild Coast SDI</b>	Focused at unlocking the potential of the Wild Coast, including tourism through the promotion of community-driven trails, campsites and other tourism accommodation, zoning of the area for new resorts, and the development of port St Johns and Coffee Bay as tourism and service nodes.
<b>Mandela Development Corridor</b>	Initiative to link Wild Coast tourism attractions with heritage sites including Mandela's birthplace (in Qunu) and museum (in Mthatha), with the eco and adventure hotspots of the Drakensberg.
<b>CSIR Wool and Mohair Beneficiation Programme</b>	Aims to promote small business development in the wool and mohair industry through training, product development and market research. It is managed by ECSECC.

#### RELEVANT OR TAMBO DISTRICT AND KING SABATA DALINDYEBO PROGRAMMES

<b>OR Tambo Municipality</b>	Massive Food programme (a focus on food security for homesteads); Syakole ( people with access to 1-49ha are supplied with tools and fertilizers);
<b>Ntinga Development Agency</b>	Support is provided for: maize producing farmers; the production of vegetables, Sorghum and essential oils; and, the production of beef, sheep and goats.
<b>Nelson Mandela Cultural Precinct</b>	The project is aimed at providing the following facilities: developing the museum and library; community theatre; upgrading and restoring the Transkei national Museum; a hotel; commercial component; multi-media centre; offices; mini conference venue and shopping centre and street furniture.
<b>2010 Mthatha Sports Stadium</b>	Development of the Mthatha Sports Stadium and upgrade of related infrastructure has the potential to stimulate associated economic activity and improve the quality of life of residents in Mthatha.
<b>Mthatha Airport Upgrade</b>	The upgrade of the airport will enhance the accessibility of Mthatha and will provide additional transportation options.

## ACHIEVING A SUSTAINABLE MTHATHA ECONOMY

There are many initiatives taking place within the broader environment that could have an extremely positive benefit on Mthatha if they were accessed and aligned to the vision of residents within the town. During the stakeholder engagement process a number of principles emerged that should underpin development within Mthatha in order to make it sustainable and to change the current structure of the local economy. A large number of strategies were identified that were in line with the sustainable principles and would turn the local economy around. These strategies would need to be implemented together with tackling the five major obstacles to sustainable development in Mthatha. These principles, and associated strategies, are presented in the tables below:

## GENERIC LOCAL ECONOMIC DEVELOPMENT STRATEGIES



				LED STRATEGY
	STRATEGIES FOR A CONDUCTIVE CLIMATE FOR PRIVATE BUSINESSES TO DEVELOP	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE PARTNER OR FUNDING SOURCE
	<ol style="list-style-type: none"> <li>1. Plan for mixed land use to integrate transport, social services, commerce, residential and light industry (see Street and Home Systems and the overall MSDP);</li> <li>2. Integrate hawkers into the Mthatha town through providing facilities and space, e.g. pedestrian mall (see overall MSDP);</li> <li>3. Provide for basic services, including public toilets, for hawkers at trading places;</li> <li>4. Promote local production, e.g. farming, agro-processing, chicken, pigs and cattle production, timber processing etc in order to close the leaks in the local economy;</li> <li>5. Formalise SMMEs through encouraging registration and licensing, meeting of quality standards, and through regulating and monitoring the businesses;</li> <li>6. Provide business support to stokvels and funeral clubs to assist them formalizing into businesses (including co-operatives)</li> <li>7. Provide warehousing space, if feasible with cold storage facilities, accessible for hawkers in order for them to buy in bulk;</li> <li>8. Stimulate linkages between large and small firms through franchising, sub-contracting, mentoring, supply-chain and networking; and</li> <li>9. Build linkages between the Walter Sisulu University's planned business</li> </ol>	<p>Immediate Short-term Short-term Medium-term Short-term Medium-term Medium-term</p> <p>Short-term Medium-term</p>	KSD Municipality	<p>MSDP Neighbourhood Partnership Grant Department of Agriculture; ASGISA (EC); Mzimvubu Development Zone SEDA &amp; DGRV (Yebo Co-op) National Business Trust – Challenge Fund</p>



LED STRATEGY				
	STRATEGIES FOR A CONDUCTIVE CLIMATE FOR PRIVATE BUSINESSES TO DEVELOP	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE PARTNER OR FUNDING SOURCE
	<ol style="list-style-type: none"> <li>1. Provide an integrated public transport system that links communities and facilities within Mthatha town and the surrounding rural villages (see Street System);</li> <li>2. Provide a road network and public transport system that links Mthatha to the broader region (see Street System);</li> <li>3. Increase accessibility to markets through creating rural trading and service hubs where activities such as schools, libraries, markets, petrol stations, ATMs, small retailers and social services are clustered (see overall MSDP);</li> <li>4. Improve condition of rural roads;</li> <li>5. Address land and property issues to encourage investment;</li> <li>6. Investigate community trusts as a mechanism to support local level development;</li> <li>7. Provide business spaces as part of mixed use development zones in Mthatha;</li> <li>8. Address access to small business financing, including credit co-operatives;</li> <li>9. Business support agencies to locate within Mthatha and provide a quality and comprehensive service;</li> <li>10. Provide mobile banking units to increase accessibility of rural dwellers and hawkers to formal finance facilities;</li> <li>11. Set up manufacturing incubators at the Transido industrial sites to build the competitiveness of the local firms;</li> <li>12. Establish a capacitated employment intermediation service within Mthatha in order to skill clients and link clients to work opportunities both within and outside;</li> <li>13. Provide business and industrial space (see overall MSDP);</li> <li>14. Regulate rentals within Mthatha;</li> <li>15. Provide more libraries and information points; and</li> <li>16. Revive operations of the Tourism Board office in Owen Street and locate appropriate space for a Tourism Information Office, such as the Shell Garage or the Nelson Mandela Cultural Precinct.</li> </ol>	<p>Medium to long-term</p> <p>Medium to long-term</p> <p>Medium-term</p> <p>Medium to long-term</p> <p>Short-term</p> <p>Short-term</p> <p>Short-term</p> <p>Medium-term</p> <p>Medium-term</p> <p>Medium-term</p> <p>Short-term</p> <p>Short-term</p>	<p>KSD</p> <p>Municipality</p> <p>Provincial</p> <p>Departments of Roads &amp; Transport; Land Affairs; Public Works &amp; Local Government</p>	<p><b>Rural Trading &amp; Service Hubs:</b></p> <p>Neighbourhood Development Partnership Grant;</p> <p><b>Incentives &amp; Business Financing &amp; Support:</b></p> <p>CSIR Eastern Cape; Dept of Trade and Industry; ECDC; Industrial Development Corporation; Khula Enterprise; Land Bank; Ntsika; Port Elizabeth Regional Manufacturing Advisory Centre; South African Bureau of Standards; Trade and Investment SA; Trade &amp; Investment Journal from SA</p>

LED STRATEGY				
	STRATEGIES FOR A CONDUCTIVE CLIMATE FOR PRIVATE BUSINESSES TO DEVELOP	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE PARTNER OR FUNDING SOURCE
	<ol style="list-style-type: none"> <li>1. Promote accountability and transparency within government for service delivery;</li> <li>2. Adopt a zero-tolerance for corruption;</li> <li>3. Engage local stakeholders in the development of an anti-crime strategy for Mthatha and set strengthen the community policing forums;</li> <li>4. Improve communication between the municipality and the public, re matters such as zoning, business registration requirements etc. Communication can be through information centre, notice boards, flyers, libraries, newsletters etc.</li> <li>5. Improve visibility of bodies responsible for registration e.g. the Liquor Board, SARS and CIPRO;</li> <li>6. Municipality to maintain an updated business registration database; and</li> <li>7. Promote business commitment to payment of decent wages within</li> </ol>	All short-term	<p>KSD Municipality</p> <p>EC Liquor Board; DTI</p>	<p>SAPS; Community Policing Forums</p> <p>National Business Trust; Sector bodies; &amp; Department of Labour.</p>

	STRATEGIES FOR A CONDUCTIVE CLIMATE FOR PRIVATE BUSINESSES TO DEVELOP	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE PARTNER OR FUNDING SOURCE
	<ol style="list-style-type: none"> <li>1. Establish a Consumer Protection Body to promote quality improvement of products made and sold within Mthatha;</li> <li>2. Identify opportunities for public works programmes e.g. solid waste collection, recycling; rural roads maintenance; public facility maintenance; home-based care workers etc;</li> <li>3. Addressing housing market demand (see Home System);</li> <li>4. Provide quality and accessible social services to address critical social issues such as HIV/AIDs, TB, substance abuse and homelessness (see Home System);</li> <li>5. Develop municipal by-laws that address the cleanliness of the town, including the regulation of the pasting of posters on buildings;</li> <li>6. Regular health and safety inspections of business premises by environmental health officers and the Liquor Board;</li> <li>7. Implement municipal building controls;</li> <li>8. SAPS to increase protection to rural communities and businesses;</li> <li>9. Address quality of education at all levels and promote continuous learning; and</li> <li>10. Skills programmes ranging from adult literacy; FET; scarce skills to CETA to</li> </ol>	<p>Medium-term Short-term</p> <p>Medium to long-term Short-term</p> <p>Short-term Short-term</p>	<p>Department of Public Works: EPWP;</p> <p>Departments of Health and Social Services and Department of Education OR Tambo district EC Liquor Board SAPS</p>	<p><b>Social development</b> Equity project (Dept of Health); Imbewu II Project (DoE); Provincial Dept of Education; SETAs; IDC's Township &amp; Rural Hospital Scheme</p>

LED STRATEGY				
	STRATEGIES FOR A CONDUCTIVE CLIMATE FOR PRIVATE BUSINESSES TO DEVELOP	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE PARTNER OR FUNDING SOURCE
	<ol style="list-style-type: none"> <li>1. Facilitate new business ideas;</li> <li>2. Partner with institutions to assist with product development of SMMEs;</li> <li>3. Develop Vulindlela Industrial Estate as a manufacturing hub; and</li> <li>4. Develop a tourism and marketing strategy centred on the Mandela icon.</li> </ol>		KSD Municipality	IDC; ECDC; Mzimvubu Development Zone; ASGISA (EC)

				LED STRATEGY
	STRATEGIES FOR A CONDUCTIVE CLIMATE FOR PRIVATE BUSINESSES TO DEVELOP	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE PARTNER OR FUNDING SOURCE
	<ol style="list-style-type: none"> <li>1. Analyse value chains to explore possible business opportunities for SMMEs;</li> <li>2. Limit entry of national chains into rural economic centres;</li> <li>3. Large firms to develop credit schemes for small businesses;</li> <li>4. Develop public-private, public-community partnerships for service delivery, e.g. refuse removal;</li> <li>5. Focus on improving the credit rating of the KSD municipality in order to leverage further loan funding;</li> <li>6. Address the debt collection levels of the municipality through improved credit control; and</li> <li>7. Implement buy-local campaigns.</li> </ol>	All Short-term	KSD Municipality	

## 4.1 SECTOR-SPECIFIC STRATEGIES

SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	<ol style="list-style-type: none"> <li>1. Identify and address market gaps, such as local cement suppliers and addressing the shortage in the brick market;</li> <li>2. Engage with the Construction Industry Development Board regarding the recognition of traditional construction skills and methodologies;</li> <li>3. Engage with the formal banking sector re financing of SMMEs within the construction industry;</li> <li>4. Address corruption within the sector;</li> <li>5. Unbundle government contracts to provide opportunities for small contractors;</li> <li>6. Develop procurement policies that encourage local sourcing and sub-contracting; and</li> <li>7. Engage large firms on a mentorship programme for small</li> </ol>	<p>Medium-term Medium-term Short-term Short-medium term  Short-term</p>	<p>KSD Municipality; Department of Public Works</p>	<p>Construction Industry Development Board; IDC; ECDC; DTI – National Industrial Policy Framework; Women in Construction</p>

SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	<ol style="list-style-type: none"> <li>1. Efficient rezoning application process in place within the municipality;</li> <li>2. Rental capping and control within the Mthatha town;</li> <li>3. Ensure effective business licensing and regulation;</li> <li>4. Develop and enforce municipal trading by-laws;</li> <li>5. Address illegal 'back shop' retail trade, e.g. stolen cars and drugs;</li> <li>6. Create offloading zones for delivery vehicles in the town;</li> <li>7. Undertake skills development in customer service;</li> <li>8. Research business opportunities within the retail sector, e.g. in the hospitality industry, including the promotion of indigenous foods; and</li> <li>9. Provide financing instruments for small retailers to enable them to enter the market.</li> </ol>	<p>Short-term</p> <p>Medium-term</p>	KSD Municipality	SEDA; SMME Financing Schemes; and, ECDC.

SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	<ol style="list-style-type: none"> <li>1. Massive food production;</li> <li>2. Encourage livestock production through construction of a rural auction pen facility and improvement programme;</li> <li>3. Review management of the municipal abattoir, dairy and fresh produce market;</li> <li>4. Enter into a technical partnership agreement to promote new technologies within the sector and to explore niche markets in horticulture and organic markets;</li> <li>5. Establish an Mqanduli Agricultural College &amp; Research Centre;</li> <li>6. New irrigation schemes, including Umzimvubu;</li> <li>7. Provide support and offer incentives for household fruit, vegetable, maize and grain production;</li> <li>8. Provide subsidized transport for producers in rural areas to bring their produce to the Mthatha Fresh Produce Market;</li> <li>9. Address management of the Mthatha Fresh Produce Market;</li> <li>10. Invest in infrastructure to support agriculture, e.g. fencing;</li> <li>11. Ensure proper regulation of the agricultural sector;</li> <li>12. Forge stronger relationships between KSD, the Ntinga Development Agency and the Department of Agriculture;</li> <li>13. Encourage local chicken production to supply the local market;</li> <li>14. Local supply of fresh food products to accommodation establishments and retail outlets;</li> <li>15. Facilitate market access;</li> <li>16. Co-operative support programmes; and</li> <li>17. Explore agro-processing opportunities linked to local production.</li> </ol>	<p>Medium-term Short-term</p> <p>Short-term</p> <p>Medium-term</p> <p>Medium-term</p> <p>Medium-term Medium-term</p> <p>Short-term</p> <p>Short-medium term Short-term Short-term</p> <p>Short-term</p> <p>Short-medium term</p>	<p>Department of Agriculture; KSD Municipality; Ntinga Development Agency &amp; OR Tambo District Municipality</p>	<p>Agri-SA; Agricultural Research Council; ECDC Crops Sector Specialist; Citrus Growers Association; National Department of Agriculture; Provincial Department of Agriculture; National African Farmers' Union; Perishable Products Export Control Board Agriculture Business Chamber; ISRDP; CASP; &amp; Umzimvubu Development Zone &amp; ASGISA (EC)</p>



SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	<ol style="list-style-type: none"> <li>Expansion of forestry sector through afforestation;</li> <li>Develop a timber cluster within Mthatha for SMME support in processing and downstream activities; and</li> <li>Establish a furniture technology incubator in Mthatha.</li> </ol>	Medium-Long term	Department of Agriculture; ASGISA (EC); KSD Municipality	Department of Water Affairs and Forestry; ECDC Forestry Sector Specialist; Forestry South Africa Institute for Commercial Forestry Research; Dti (Furniture); ECDC Furniture Sector; Federation of Furniture Manufacturers; Furniture Export Council; Furntech; Department of Land Affairs; Industrial Development Corporation; Eastern Cape Socio Economic Consultative Council (ECSECC); Forestry and timber expansion project; Furniture Technology Incubator

SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	<ol style="list-style-type: none"> <li>1. Address need for taxi shelters and public toilets (see Street System);</li> <li>2. Lobby national and provincial government re making transport subsidies available to both bus and taxi operators;</li> <li>3. Improve the condition of public transport infrastructure, including roads (see Street System);</li> <li>4. Explore opportunities within the freight and courier service industry;</li> <li>5. Lobby for the extension of the Kei Rail to KwaZulu Natal;</li> <li>6. Explore possibility of local vehicle supplier once the Kei Rail is finalized;</li> <li>7. Negotiate direct flights between Port Elizabeth and Mthatha and Mthatha and Durban; and</li> <li>8. Assist interested transport operators with licensing as tour operators.</li> </ol>	<p>Short-term</p> <p>Short-term</p> <p>Medium-long term</p> <p>Long-term</p> <p>Medium-term</p> <p>Short-term</p>	<p>Department of Transport; KSD municipality</p>	<p>Kei Development Corridor; Women in Transport; Mandela Development Corridor</p>

SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	<ol style="list-style-type: none"> <li>1. Packaging and marketing the Mandela legacy (Museum in Mthatha, school house in Qunu and birth place in Mvezo);</li> <li>2. Marketing Mthatha as the gateway to regional tourism attractions e.g Port St Johns, Waterfall Bluff, Coffee Bay and Hole-in-the-Wall;</li> <li>3. Marketing tourism activities and events e.g. hiking, fishing, horse riding and whale watching and the Imana Mountain Bike Ride.</li> <li>4. Establishing an accessible and effective Tourism Information office as part of the Mandela Cultural Precinct.</li> <li>5. Implementing a support programme for local entrants into the tourism accommodation market, especially the business tourism market.</li> <li>6. Ensure alignment between tourism initiatives and the KSD, OR Tambo and Wild Coast Spatial Development Frameworks;</li> <li>7. 2010 tourism marketing strategy linked to Sports Stadium; and</li> <li>8. Product development, branding and marketing of heritage routes (e.g Freedom Route from Port St Johns to Aliwal North), arts and crafts projects, and eco-tourism attractions under</li> </ol>	All short-term	KSD Municipality and OR Tambo District Municipality	Eastern Cape Tourism Board; Department of Economic Development & Environmental Affairs; Eastern cape Parks Board; ECSECC; Departments of Transport and Public Works; Department of Safety and Liaison; Fair Trade Tourism.

SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	<ol style="list-style-type: none"> <li>Investigate agro-processing opportunities e.g. vegetables, maize, dairy, leather;</li> <li>Coffin and tombstone production;</li> <li>Provide feasible contracts to local manufacturers e.g. rural sanitation, public facilities etc;</li> <li>Furniture production and other timber related products; and</li> <li>Clothing production.</li> </ol>	All medium-term	KSD Municipality; IDC & ECDC	<p><b>Agro-Processing</b> CSIR; ECDC Dairy Sector; Milk Producers' organization; South African Dairy Foundation; Department of Trade and Industry (Agriculture and Agro-processing); Food processing sector (ECDC); ECDC Leather &amp; Leather Goods; Footwear and Leather Cluster Initiative; Footwear and Leather Export Council; South African Footwear and Leather Industries Associations; South African Skin, Hide and Leather Council</p> <p><b>Clothing production</b> Clotex; DTI; DED&amp;T</p>

SECTOR	STRATEGIES	PRIORITY (SHORT/MEDIUM/ LONG TERM)	RESPONSIBLE INSTITUTION	POSSIBLE FUNDING SOURCE OR SUPPORT INSTITUTION (See contact details on ECDC web site)
	This is a new sector with the potential for Mthatha to grow this industry into a R 1.93 Billion industry producing 550 million litres of petrol equivalent in clean biomethane fuel. It requires the promotion of zero waste practice of separation at source. This can provide 8 jobs per ton of waste creating 1095 jobs to mitigate the present flow of 137 tons per day to landfill. Diversion of organic stream to household or centralised anaerobic biodigesters for the generation of biomethane gas; integrated algal pond systems for algal biofertiliser production with supporting distribution systems to return nutrients to small famers; centralised gasification and electricity generation plant for wood-waste and/or harvest residue; and improved energy efficiency in large municipal and commercial buildings.			ESKOM Power Conservation programme (10% reduction in electricity demand); NERSA Regulatory Policy on Energy Efficiency and Demand Side Management (EEDSM) for the South African Electricity Industry (May 2004); National Energy Efficiency Strategy (2005) – targets for commercial, industrial and municipal sectors; and SANS Energy Efficiency Standards (SANS 204)

## CONCLUSION

The Mthatha economy has grown in recent years and the town is a bustling with activity. The town centre services a market of approximately R1.5 million people in a 50 kilometre radius. The rural villages, such as Mqanduli, play a role as secondary service centres for these communities.

The main challenge is that the growth within the Mthatha economy is insufficient to address the high levels of poverty and unemployment within the region, and is seriously skewed and benefitting a few. There are thousands of individuals and micro firms trapped at the low end of the value-chain engaging in similar activities within the town. This is creating an environment which is highly competitive, sometimes violent, and with high levels of crime and corruption.

The positive aspect in Mthatha is that there is strong market interest in the local economy and if the five critical constraints (namely land and property issues, bulk infrastructure capacity, poor quality of social services, ineffective institutions, and the structure of the local economy) were addressed, then significant growth potential could be unleashed.

However, if this growth is to be sustainable then strategies to encourage integration, accessibility, openness, dignity, diversity and viability have to be implemented.

The stakeholder participation within the MSDP process has demonstrated that local stakeholders know what needs to be done to make the Mthatha market system 'healthy'.

What is required, however, is strong leadership and co-ordination within government and the private sector to make it happen.

## ANNEX B :KEY PROJECTS – ENERGY & WASTE MANAGEMENT

KEY INSTITUTIONS:	PROJECT	PROGRESS (REPORT DATE: STATUS AS AT 24 June 2010)	SHORT TERM PROJECTS UNDERWAY WITH 12 months BUDGETS	SHORT TERM NOT YET STARTED (WITH BUDGET) 12 months	MEDIUM TERM (2-3 years)	CHALLENGES
	<b>ENERGY MANAGEMENT</b>					
KSD	Emergency Repairs	<p>Town Electrical Engineer was appointed</p> <p>Electricity engineering company appointed</p> <p>Replace several mini- sub station, transformers , and several switches.</p> <p>Repaired high voltage cable (storm damaged)</p> <p>Link Hill Crest substation to bottom of CBD (4 MVA) CBD now more stable.</p> <p>Formalize electricity department's processes &amp; procedures – on track</p> <p>Orders placed for test equipment, special tools</p> <p>Busy to address the transport logistics for the teams</p> <p>Busy with Icasa with radio license to reinstate radio systems for KSD</p>	R5m (KSD)	R40m (KSD)		
KSD DME	Upgrade Bulk Supply and electrification	<p>Funding allocated for R16 million from Department in December 2009.</p> <p>Contractor still need to complete previous project before commencing with new project. MOU for R8 million 90% processed.</p> <p>Negotiation with DoE to reallocated funds to distribution commenced 14 May</p>	R16 m	R8m (DME)		

## WORKSTREAMS

DME	Upgrade of distribution network ,	Business case developed Request to DME via Presidential Intervention for funding after meeting on 14 May (Scope includes mini substation, medium voltage cables, replace distribution kiosks, robots, street lights & Ngangelizwe network)			R136m – not secured	Primary supply requires upgrade (ex Eskom) Masterplan accelerates growth (demand)
ESKOM	Demand side Management (DSM) (RLM)	Project short fall quantified and presented to Eskom Eskom Supplier will complete RLM project within financial year. KSD had initial discussions with DoE/Salga 14-May on implementation of energy efficient buildings in town				With support from the Swiss Confederation.
ESKOM	DSM Solar geysers (10,000 units)	Business concept presented to Eskom Eskom DSM-team to prepare business case to Eskom-DSM investment Committee. Await feedback				Applied for R60m DSM funding
DME	Electrification program at Mthatha West	Scoped and in negotiation with DME Part of negotiations with DoE to reprioritize funding to upgrade distribution network				
DBSA	Renewable Energy	Busy with KSD Renewable Energy Strategy Policy				
<b>WASTE MANAGEMENT &amp; GREENING</b>						
DEA	Rehab of old Waste sites in	Business cases presented to Dept. Funds secured		R9,5m		



# WORKSTREAMS

	Mqanduli & Mthatha	Design are being finalized				
	Establishment	Third potential site identified, stakeholder negotiations in process Continue with community engagement to secure site	(DEA)			
Theba Bank) DWA	Cleaning Project	1200 workers contracted (DWA 200 ) (CWP 1000) Negotiation with DoE for long term funding commenced 14-May	years	R19,3	R19,3	
	Project	Concept presented for Savoy Park, Qunu nursery Mvezo and Airport greening. (Employment 170 workers)	2.5 years	R29,8 m	R29,8m	
	tourism project	Work commenced in March 2010, Project completion date March 2011 -- Work on track				
	Tourism Development	of March 2011 Contractors for water & electricity on site		cost pose risk		
DEA	Greening & Cleaning	283 workers employed for 2 year Work on track	R39,2 m for 2 years	Part of R39,2m		
DEDEA	CBD cleaning	Work commenced. 100 workers each for 6 months employed Work ongoing	R1m			
KSD	Grass cutting at Entrance	Project continues. Work ongoing	R200k			

## ANNEX C :KEY PROJECTS – WATER & SANITATION

KEY INSTITUTIONS:	PROJECT	PROGRESS (REPORT DATE: STATUS AS AT 24 June 2010)	SHORT TERM PROJECTS UNDERWAY WITH 12 months BUDGETS	SHORT TERM NOT YET STARTED (WITH BUDGET) 12 months	MEDIUM TERM (2-3 years)	CHALLENGES
	WATER SUBPROJECT					
DWA	Mthatha Bulk Water	Bulk water supply is complete; project has been handed over to ORTDM as the WSA				
ORTDM (ES)	Water Treatment works Mqanduli	Appointed Umgeni WB as implementing Agent, busy with assessment and SOW will be ready end July 2010				
ORTDM (BIG)	Coffee Bay Water Project	Approved . Amatola WB is the implementing Agent		R23m		
ORT DM water	Upgrade of distribution infrastructure in Mthatha	<ul style="list-style-type: none"> <li>Urgent requirement in terms of the KSD Master Plan</li> </ul>			R300m need	
	SANITATION SUB PROJECT					
ORT DM Sewer	Upgrade of Plant in Mqanduli	Project will commence July 2010. Await Record of Decision from DEDEA on EIA and from DWA for water license		R17,5m		
ORT DM	Upgrade of sanitation infrastructure and upgrade of Waste Water Works in Mthatha	Urgent requirement in terms of the KSD Master Plan			R565m need	

## ANNEX D :KEY PROJECTS – TRANSPORT & MOBILITY

KEY INSTITUTIONS:	PROJECT	PROGRESS (REPORT DATE: STATUS AS AT 24 June 2010)	SHORT TERM PROJECTS UNDERWAY WITH 12 months BUDGETS	SHORT TERM NOT YET STARTED (WITH BUDGET) 12 months	MEDIUM TERM (2-3 years)	CHALLENGES
	Controls	intersection repair scope SLA was signed this week				
KSD DBSA	Repair	Specification completed , await new financial year to start			shortfall	
	area (Errol Spring , Sprigg Rd & Bridge over Mthatha river, Hoadley Rd,	Bill of Quantities completed Tender specifications ready await funding confirmation to publish tenders for construction		(NDoT)		MOA with NDOT
	phase 2 (Stanford Terrace,, N2 by Pass & PM : Option one of : Bernard Schulz or Waterfall link Road	KSD did prep work e.g. Designs completed BoQ completed, tender specifications ready await funding			(NDOT)	
SANRAL/KSD	N2 Nelson Mandela Dr upgrade – Mthatha bridge to Ultra City	Project under construction Completion end October 2010)	R40m SANRAL R12m KSD			Additional work for electricity & water require additional R9m of funds
SANRAL	Viedges ville to Shell Ultra City	Specification was completed and tender was published. Tender closes end April 2010		R70m		

## WORKSTREAMS

SANRAL	Sithebe Komkulu to Viedgesville	Design completed (ROD outstanding)			R240m	
DRT NDoT	Interim Integrated Transport Plan	Concept identified, critical to plan future roads, its priorities as well as repairs			R1m shortfall urgent	
DRT NDoT	Pavement Management Plan & Storm Water Management Plan	Concept identified, critical to plan maintenance , its priorities as well as repairs			R2m shortfall urgent	
DRT NDoT	Storm Water Critical Repairs	Follow with identified roads that pothole repairs are to be done			R1,4m shortfall urgent	
DRT	Upgrading of Qokolweni Rd	Concept phase (extension of Tudor Ndamase Rd to Mqanduli)			R144m ?	
DRT (Nat or Prov?)	Bypass N2 North to R61 East	Scope to be verified				
DRT	Mamela Taxi Rank	Building occupied illegally and evictions orders were served Await court case outcome				
DRT	Mthatha Airport Alterations , additions to parking area & civil works	Constructions have commenced Project is ongoing	R10,49m			
DRT	Airport Security Fencing	Contract was awarded and site establishment was done Project is ongoing	R5,41m			
DRT	Airport upgrading	Part of phase 2 to commenced in 2010/2011 financial year		R34,46m		

## WORKSTREAMS

NDoT	R61 bypass upgrade	Scope to be defined			R63m shortfall	Budget Constraint
NDoT	Airport Link Road	Scope to be defined				Budget Constraint
DRT NDoT	Reconstruction and resurfacing of township roads	Savoy, Mbuqe, Kwezi, Ngangelizwe, Southridge, Hillcrest & Maiden Farm, Norwood, Ncambedlana Several roads identified, it needs to follow the ITP & PMS plans			Shortfall R158m	
DRT NDoT	Reconstruction and resurfacing of CBD	Several roads identified, it needs to follow the ITP & PMS plans			Shortfall R45.2	
	Access roads in several war <ul style="list-style-type: none"> <li>Wards 16</li> <li>Works – 120km</li> </ul>	All business plans are completed – await approval from CoGTA			R99m	MIG funds allocated around R38m/a – KSD spend all of it per year Quick wins

## ANNEX E : KEY PROJECTS – HUMAN SETTLEMENTS

KEY INSTITUTIONS:	PROJECT	PROGRESS (REPORT DATE: STATUS AS AT 24 June 2010)	SHORT TERM PROJECTS UNDERWAY WITH 12 months BUDGETS	SHORT TERM NOT YET STARTED (WITH BUDGET) 12 months	MEDIUM TERM (2-3 years)	CHALLENGES
Human Settlement (Prov)	situ upgrade – 200 units	First 6 pilot BNG houses 30% in construction Geo Tech for 194 in process Pilot houses 70% complete	(BNG)		set aside	
Human Settlement (Prov)	Development – 1500 units	Tender for township design completed Land commissioner notified Commence with Township Planning			secured but transfer in process	sanitation services supply Electricity bulk supply shortfall
Human Settlement (Prov)	area – 16500 units	implementation (Master Plan process) Selection of next group of land parcels to be completed and notification to Land Claims Commissioner			planning completed – land claim delay / attention of bulk services	sanitation services supply Electricity bulk supply shortfall Roads infrastructure iro link roads, asphalt roads

## ANNEX F : KEY PROJECTS – LOCAL ECONOMIC & SOCIAL DEVELOPMNT

KEY INSTITUTIONS:	PROJECT	PROGRESS (REPORT DATE: STATUS AS AT 24 June 2010)	SHORT TERM PROJECTS UNDERWAY WITH 12 months BUDGETS	SHORT TERM NOT YET STARTED (WITH BUDGET) 12 months	MEDIUM TERM (2-3 years)	CHALLENGES
DSRAC	Mthatha Stadium	Project in construction. Phase 2 completion end April 2010. Stadium flood lights 95% completed. Stadium in final stage of Practical Completion	R225m –		Shortfall of R477m	Shortfall of R477m to complete design as communicated to community Note: Phase 3 design is completed
Asgisa	Cultural Precinct	Started with the concept ( the budget is not developed yet) Project scope is currently double the size of original concept				
DRT	Airport – Upgrade of Runway (longer and handling larger aircraft)	Request registered . Anticipated cost around R220m			Need R220m	
Agric	Fencing of arable land in six wards – length 93.6km	Tenders are to be advertised. (Completion end Dec 2010) Scope : <ul style="list-style-type: none"> <li>Mqanduli (Nzwakazi &amp; Genge)</li> <li>Mthatha (Gangxo, Tabase, Tyhalarha, &amp; Zimbane)</li> </ul>		R3,2m		Limited Budget
Health	Primary Health Care <ul style="list-style-type: none"> <li>Mqanduli was selected to start with the Primary Health Care Revitalisation</li> </ul>	Scope: Completion of clinics in Bityi, Qokolweni & Zwelebhunga				Bad access roads to some of health facilities e.g. Sipetu, Canzibe, Isilimela Hospitals

## WORKSTREAMS

						Majority of clinics still depend on rain water tanks, pit toilets still exists
Health	HIV & Aids <ul style="list-style-type: none"> <li>Readiness assessment project</li> </ul>	Readiness assessment of the health facilities for initiation of ARV's by professional nurses has been conducted – 109 facilities were assessed and found to be ready				
Health	Health Promotion <ul style="list-style-type: none"> <li>Health Posts Identification</li> <li>KSD health facilities to be upgraded               <ul style="list-style-type: none"> <li>Bumbane clinic</li> <li>Tyelebane clinic</li> <li>Nyandeni Ntafufu Clinic</li> <li>Qaukeni Meje clinic</li> </ul> </li> </ul>	Fifty one (51) posts were identified in areas where no fixed facilities occur in the communities Bumbane await funds Planned to start in 2010/2011 Construction is in progress Upgrading of existing structure will commence in 2010/2011	<ul style="list-style-type: none"> <li>R6.3m</li> </ul>	<ul style="list-style-type: none"> <li>R3m</li> <li>R1m</li> </ul>	To be funded	
DLGTA	Development of a comprehensive Communications Strategy - ensure public profiling, information dissemination to all stakeholders & Provincial Media Launch	DLGTA provides Secretariat Support services for the KSD Presidential Intervention Institutional arrangements are now in place for the effective implementation of the Intervention <ul style="list-style-type: none"> <li>Technical Task Team</li> <li>Inter-Sphere Ministerial Committee</li> </ul> A memorandum to EG&I Cluster to solicit funding from sector departments for the KSD Intervention was also prepared and submitted by DLGTA		R300k		



## WORKSTREAMS

DLGTA	Institutionalize Masterplan	Provided funds for the Institutionalization of the Masterplan <ul style="list-style-type: none"> <li>Planning of Public Safety Summit scheduled for June</li> </ul>	<ul style="list-style-type: none"> <li>R1,42m</li> </ul>			
DPW (Nat or Prov?)	Youth Co-operatives	Established youth co-operatives for the greening and landscaping projects in KSD	<ul style="list-style-type: none"> <li>R330k</li> </ul>	<ul style="list-style-type: none"> <li>R300k</li> </ul>		
DPW (Nat or Prov?)	Provision of vacant land owned by the Province for development by KSD	Identification of land is in progress .				
DPW (Nat or Prov?)	Technical and Specialist Support Assistance	DPW volunteered professional Services such as Architects, Engineers etc for the development of concepts, designs for projects as identified in the Master			Detail of support to be worked out	
DPW (Nat or Prov?)	Renovation of Mthatha Town Hall	Design stage is underway - 70% complete			R105,1m estimate	
DWA (Nat or Prov?)	Assistance to ORTDM to manage the service delivery of bulk water & Sanitation by Amatola Water Umgeni Water	Busy with the assessment to define the support and interventions to ORTDM on Service delivery of the Water Supply and Sanitation services			Finalized budget	

## ANNEX G : KEY PROJECTS – MVEZO/QUNU RURAL ECONOMIC DEVELOPMENT

KEY INSTITUTIONS:	PROJECT	PROGRESS (REPORT DATE: STATUS AS AT 24 June 2010)	SHORT TERM PROJECTS UNDERWAY WITH 12 months BUDGETS	SHORT TERM NOT YET STARTED (WITH BUDGET) 12 months	MEDIUM TERM (2-3 years)	CHALLENGES
	<b>WORKSTREAM 1: ENERGY &amp; WASTE MANAGEMENT</b>					
Eskom	Rural Electrification	A request has been made to Eskom to expedite the electrification of the area				Amount known
	<b>WORKSTREAM 2: WATER &amp; SANITATION</b>					
ORTDM (MIG)	Rural VIP toilet Mvezo area	9 villages were identified. The tender close on 25 June 2010		R20,5m		
ORTDM	Rural VIP toilets in Qunu area	9 Villages were identified. Business plan was presented to CoGTA and we await approval and funding			R10,3m shortfall	
	<b>WORKSTREAM 3: TRANSPORT AND MOBILITY</b>					
DPW	Wet blade : Nkalane to Elliotdale to Mvezo	Planned for June 2010				
	Regraveling Mgqumo to Elliotdale	Planned for July 2010				
	All weather surfacing: Nqalane to Elliotdale	In design stage				
	Construction of 2 bridges linking Mvezo to Chaphaza & N2					

KEY INSTITUTIONS:	PROJECT	PROGRESS (REPORT DATE: STATUS AS AT 24 June 2010)	SHORT TERM PROJECTS UNDERWAY WITH 12 months BUDGETS	SHORT TERM NOT YET STARTED (WITH BUDGET) 12 months	MEDIUM TERM (2-3 years)	CHALLENGES
	<b>WORKSTREAM 4: HUMAN SETTLEMENTS</b>					
	Housing	Assessment of the demands are in process in Mvezo and Qunu				
	<b>WORKSTREAM 5: LOCAL ECONOMIC DEVELOPMENT</b>					
Dagric \ Rural Dev	Livestock improvement	Investigation phase				
DAgric	Provision of Tractors, Implements & Irrigation Scheme	Investigation phase				
DLGTA	Fencing of the Great Place and home of Nelson Mandela	Investigation phase				
	<b>WORKSTREAM 5: SOCIAL DEVELOPMENT</b>					
DEdu	Pre-Schools	Investigation phase				
DEdu	Mvezo & Inkwenkwezi primary schools upgrades	Investigation phase				
	Mvezo Clinic Construction	Tender Stage . Planned to start construction in August 2010				